The Nation's Business

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Bren Probe Should be Continued

DEEPENING of the European crisis has prompted the Toronto Globe and Mail to suggest that the Bren gun enquiry should be deferred.

We do not believe it is in the national interest to follow this policy.

If war does envelop Canada it is essential that the placing of munitions and war contracts be above suspicion. The quickest way to ensure this is to consummate the Bren probe as quickly as possible.

Any other policy might be to involve Canada in the sort of situation which developed in 1915 when the Shell Committee had to be replaced —in the heat of battle—with a newly constituted Imperial Munitions Board.

If an emergency does arise it is imperative that everything humanly possible be done to facilitate Canada's defense and armament plans. But to defer the enquiry and proceed as if the Bren charges had never been made would be to sacrifice from the start the essential confidence as between the Government and the people that is a primary requisite of any sustained war effort.

The duty of the Government is to complete the enquiry in the shortest possible time consistent with a thorough and searching probe.

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Ottawa Needs New Revenue Source

JUDGING by present omens, the Dominion Government must shortly look round for new sources of revenue. This is true whether Europe casts the die for peace or war.

As indicated recently in The Financial Post, it now appears certain that the federal deficit for the current year will be considerably higher than estimated by Hon. C. A. Dunning in his budget speech last June. At that time he placed $23 millions as a tentative red-ink calculation.

Most important immediate cause for concern is the minimum wheat price subsidy. Not even the European war news of recent weeks has been able to push prices for cash wheat very far. At a 65-cent level, for example, the probable "paper" loss to the Dominion Government is not far short of the $50 millions mark.

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THEN there is the virtual certainty that within the next year the Dominion Government will be called upon to assume larger financial responsibilities from the provinces. Witnesses before the Rowell Commission were almost unanimous in declaring the need of relief for property taxation in urban centres. They agreed that the cost of special services and relief should be lifted from civic taxpayers' shoulders. The obvious place to move them would be onto the apparently broad federal back.

Another loss to the Dominion Exchequer is almost certain to be the present 3% excise tax on imports from United States and foreign countries. This brought in nearly $30 millions of revenue last year. It seems generally agreed that this tax will be lifted in the next few weeks as a concession to the United States in the Canada-U. S. trade agreements now being concluded.

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Broader Income Tax May Be Necessary

THE first move of the Dominion Government toward balancing its budget should be to cut down expenditures. This is the efficient, businesslike procedure. It is a procedure that will give impetus to business in the best possible way; that will increase national productivity and in turn enlarge revenue from various taxes imposed. It is the first and most important line of attack.

If, after curtailing expenditures, the Government's books still fail to balance, the most obvious source of new revenue would be to broaden the base of the present federal income tax.

At present there are less than a quarter of a million Canadians paying income tax. The actual number in the last year for which figures are available was 217,000.

Yet there are about a million and a half Canadian wage-earners with good incomes who pay no direct tax whatever. By lowering the present exceptions—especially the exemption for single men and women—the Government can readily tap a substantial new source of revenue at relatively small cost of collection and administration.

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BY BROADENING the base of the income tax the Dominion Government will also achieve the very important objective of making Canadians more tax-conscious.

As Sir Edward Beatty said recently at Vancouver, the way to restore employment and national productivity is to lessen taxation. The way to make taxation less of a burden is to lower it. The way to lower it is to make people realize they are paying it.

With an election in prospect next year it may take considerable courage on the part of the Dominion Government to broaden the base on which the income tax now stands. It should prepare the way now by

(Continued on page 2, col. 3)

Exchanges Lay Plans for War Eventualities

Immediate Closing Unlikely But Minimum Prices Probable

LONDON PEGS QUOTES

So imminent did the war threat become this week, at least up to the time of the Four Power peace-seeking parley, that securities exchanges on two continents laid plans to adjust operations to war-time exigencies.

Seriousness with which London Stock Exchange officials regarded the situation is shown by reports from that city to the effect that arrangements have been perfected to close the securities market in the event of war. Reopening would be carried out later with restrictions placed on trading.

In Canada, it is understood that officials of the Toronto and Montreal Stock exchanges have completed their plans although no official details are available. From Montreal the following official statement was issued early this week:

"Grant Johnston, chairman of the Montreal Stock Exchange when questioned by The Financial Post with regard to what action might be expected of the Exchange in case of the outbreak of a European war, stated that it was difficult for him to say what measures would be taken, due to the rapidity of events and continually changing circumstances. The possibility of war has, of course, been discussed, he said, and should hostilities break out all measures possible will be taken to safeguard the interests of the investing public."

Toronto Stock Exchange officials are working in close co-operation with Montreal and confirm Mr. Johnston's statement.

It seems reasonable to expect that Canadian exchanges will only close as a last resort. This has already been decided in New York. Moreover, there are quite wide differences between the way in which the London exchange operates and those in Canada. For example, London Stock Exchange carries on very large volume of trading in government securities which is not the case here.

One probable action that cannot be confirmed officially is that the Canadian exchanges may remain open in the event of war but establish minimum, or pegged, prices.

The London exchange published long lists of minimum prices for securities on Sept. 27, to prevent both panic selling and bear raids. On Sept. 26, prices of Government bonds had been pegged in London.

Banks Protest But Pay Tax

Will Test Alberta Government's Action in the Courts

Canadian chartered banks under threat of legal action have paid the corporation tax surcharge imposed last winter by the Alberta Government. They will, however, take the matter to the courts to test the validity of the Act under which the tax is imposed.

This act is entitled "The Banking Corporations Temporary Additional Taxation Act" and came into force on March 31.

Believing that it was unconstitutional, the banks petitioned the Dominion Government to disallow it.

With the act under advisement at Ottawa, the banks did not feel called on to pay the tax. The Social Credit Government, however, on September 16, notified them that if payment was not made by September 26 the attorney-general of the province would take action.

It was assumed that the action that the attorney-general would take would be to sue in the law courts but some bankers believed the Alberta Government might go so far as to seize the assets of the bank in the province.

The banks asked the Aberhart Government to defer action until the reasons for the judgments given on Alberta legislation by the Privy Council in June were received. These, it was felt, would throw considerable light on the new tax. The Government declined.

The tax means payment of approximately $107,500 in addition to the taxes already paid to the province which in 1937 amounted to $215,000.

Canadian Bronze Reflects Rail Traffic

From Our Own Correspondent

MONTREAL. — Operations and earnings of Canadian Bronze Co. for the year to date have been in line with the movement of traffic on the Canadian railways. However, the prospect of a substantial movement of grain from the West holds out the hope that returns for the full year will compare satisfactorily with those for 1937 when the company earned $2.91 a share on the common.

So far earnings are understood to be running somewhat less than a year ago, but as far as the dividend is concerned, prospects are that this charge will be fully covered. Last year the company paid $1.50 a share on the common and on February 1 last an additional 50 cents a share was paid.

Credit House Snags Appear

Limit on Sinking Fund Raid Hampers Plan

EDMONTON.—With plans laid to tap Alberta's debt retirement sinking fund to finance the Government's new credit house venture, the Aberhart cabinet is trying to manoeuvre around an obstacle that may spike the credit house plan. This would put a crimp in the whole "interim programme" of Social Credit in the province.

Two years ago, Premier Aberhart pulled scrip out of the Social Credit hat as his answer to the age-old problem: "What will we use for money?" Now a fiasco as embarrassing as the 1936 performance is threatened because the Premier is having trouble answering the question: "What will we use for scrip?"

The snag now faced is double barrelled. First, even the money from the sinking fund will not finance flotation of new scrip. Second, the Government has hesitated to ask Lieut.-Gov. J. C. Bowen to sign an order authorizing or financing issue of scrip. The illegality of such paper was indicated by the Supreme Court of Canada ruling that Alberta has no power to experiment with currency.

Avoiding Issue

It is anticipated that Hon. Mr. Bowen would refuse to sign such an order, and he might make it the issue on which he would direct the Aberhart Government to seek a new mandate from the electorate. The Government appears to be avoiding the issue, though it may mean that it will open "credit houses" without providing the new medium of exchange that was to be handled through them.

The way out for the Government, it is indicated, will be to leave it to the credit house customer to circulate his "credit" through his own instrument of exchange, such as a cheque. That is, the Government could issue warrants in the form of

(Continued on page 2, col. 3)

War Would Bring Jolt To Business

Slump Following Great War Outbreak Might be Repeated

BETTER PREPARED

By GORDON L. SMITH

Business Editor, The Financial Post

If British guns blaze what will happen to Canadian business?

For weeks retailers, wholesalers and industrialists have been asking that question though still hoping that they will not have to face the answer.

Experiences of 1914-1919 furnish a clue but because of vastly different conditions in the world today that clue may not prove complete.

Back in the days immediately preceding the Great War, Canadian business was running well below par. There was serious unemployment. Farm produce prices were depressed. The western provinces were suffering from a collapse of the great land boom. Town lots which only two years before were changing hands merrily at 20, 30 and 50% increases in value found no buyers. Railway building had subsided.

Then came the war. Within six months over 100,000 Canadians had donned uniforms, nearly half that number were already in France and Belgium. Five times 100,000 were to enlist before the bugles sounded cease fire.

Unemployment Disappears

Almost overnight in the late fall of 1914 the unemployment problem had disappeared in Canada though two years were to elapse before business had recovered to what was generally considered normal levels.

Then about the middle of 1916 the boom started. It was rocketed upward by stupendous orders for munitions, wheat and other foodstuffs. Prices soared and so did wages. Boys just out of high school stepped into shell making jobs at $5, $6 and $8 a day. Their older brothers fought for $1.10.

Canadian exports in 1916 jumped 30%. They did it again in 1917. And they repeated the gain in 1918. By that time the total was almost exactly three times the volume shipped in 1915, more than the three years 1913, 1914 and 1915 combined.

Practically anything that man could make or grow was in feverish demand. Britain and her allies bought quantities of everything needed to equip their armies. Wartime profits and dividends as well as wages created a complementary demand for luxuries.

Will another war see the same splurge repeated? Because of vast improvements in speed of production and transportations since 1914 may we not expect to get into war-time prosperity faster than we did during the last upheaval?

This time there has been more warning and preparation. There is every reason to believe that readjustment to war-time production would come more quickly. Some

(Continued on page 2, col. 5)

Admiralty Oil Scheme Constructive if True

Canada Answers Trade Proposals

From Our Own Correspondent

OTTAWA.—Canada is ready with its answer to the Washington proposals on the pending trade treaty between Great Britain, the Dominion and United States.

Cabinet council, this week, is understood to have given final approval to the draft of the Canadian counter-proposals. The move heralds the early return to Washington of the Canadian experts entrusted with details of the negotiations.

Ironically enough, the work of the several missions connected with the three-way treaty, aimed in the final analysis at furthering world peace has already been delayed by the earlier war threats. If the European bomb should explode the treaty may yet go by the boards. In any event, it is unlikely at the present rate of progress that its terms will be made public much before the end of the year, though the official announcement that an agreement has been concluded is still expected much sooner.

Control of Anglo-Persian Indicates Agreement Possible

Reported plan of interests representing the British Admiralty to provide a pipe line carrying Turner Valley oil to the Pacific coast is not yet being taken very seriously by representative Canadian oil interests.

Development of Empire natural resources has been the long policy of the British Government. It has given the Empire a unique measure of self sufficiency, invaluable in crises. Secondly and of hardly less importance this policy has been a very effective cement helping to hold the Empire together.

Coming this week at the height of the European crisis and before the Canadian Government had expressed a single word as to what this Dominion would do in event of European war, some have regarded the reported Admiralty plan as a well-timed reminder of Canadians and to oil interests especially that they are part of the Empire and that they are not being forgotten in the gigantic scheme of supplying war needs.

"Finding more oil, especially a major new oil field, is the main problem at the moment. Marketing is for the time being quite secondary" one oil man said. Admitting that "it would be very nice" to have a pipe line to tidewater "handed on a platter," he expressed a little surprise and some doubt that the Admiralty should be immediately launching such a scheme.

Provision of oil at a Pacific port, Vancouver for instance, has very definite implications in time of war. A pipe line outlet owned by Britain would create a military objective on Canada's west coast, an objective perhaps not without interest to an island nation on the other side of the Pacific which as yet has succeeded in finding only limited oil reserves.

The exigencies of war provide reason for many enterprises otherwise uneconomic. But there are some considerations which oil men have in mind when they refuse to become very excited about the report.

While the Alberta foothills belt gives magnificent indications of

(Continued on page 5, col. 4)

Highlights of the Week

What is the invisible force that is driving Hitler on in his impatient campaign for a Greater Germany? The people do not want war yet they appear ready to support him to the limit. But how solidly they are behind him it is difficult to say. Floyd S. Chalmers, editor of The Financial Post, discusses the attitude of the German people in

The Germany Behind Hitler—p. 9.

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Forty million tons of ore, it is estimated, will be taken out of International Nickel's Frood Mine by open cut mining. Initial operations have already started. Some of the largest size equipment in the world is being used.

Inco Prepares—p. 15.

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Modernization undertaken by the transit industry has been accelerated during the past few years and is still continuing. Aspects of the transformations in operating equipment and methods will be spotlighted by the American Transit Association convention in Toronto next week, and are outlined in

Transit Modernization—p. 8.

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National Suicide for Germany Only Result of Hitler Game

Reich Winning Continual Victories by Economic Pressure Alone — Conflict Spells Death From Jaws of Victory

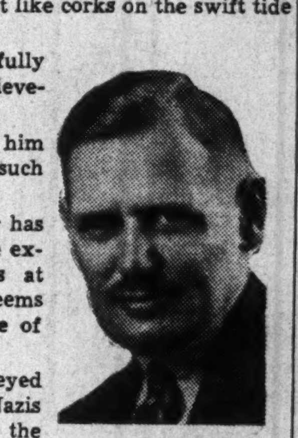
As Europe toppled on the brink of war, just a few hours before the Four Power peace talk was announced, the real influences that produced the crisis and the outlook of anguished Europeans were summed up in the following cable to The Financial Post. It crystallizes a month of investigation by Floyd S. Chalmers, editor of The Financial Post, among Government officials, financiers, businessmen and others in Germany, France, Switzerland and Great Britain.

By FLOYD S. CHALMERS

Editor, The Financial Post

LONDON—No more rational basis exists for war today than three weeks ago.

But the statesmen of Europe are swept like corks on the swift tide of events.



F. S. CHALMERS

Probably Hitler himself does not fully realize all the genuinely remarkable achievements of his regime are tottering.

For the Nazi war machine has swept him on inevitably toward the logical end of such totalitarian dictatorship.

The semi-mystic mind of the dictator has been unstrung by distrust of Benes. The excessive adulation of the vast throngs at Nuremberg has made him drunk. It seems doubtful if Hitler is any longer capable of a reasonable, sober approach.

Especially serious: The Fuehrer is preyed upon by the sinister inner group of Nazis who seem determined to strike now for the mastery of Europe.

Every intelligent German I met in Berlin knew that war, unless localized, meant suicide for Germany, that it meant the destruction of national unity and economic collapse probably to be followed by another dictatorship, Communism. Even victory, they believed, would bring Germany nothing, great as she is, that she is not already winning by economic pressure.

I write this between getting fitted for a gas mask and going to the House of Commons to hear Mr. Chamberlain. The issue still hangs in the balance. I cannot and am not trying to anticipate events, merely to interpret the emotions and the thoughts of harassed statesmen and anguished people.

Only a Reckless Handful

Everywhere I have gone—Geneva, Paris Berlin and now London—I have observed first hand the tragic spectacle of a world swiftly dragged toward war which nobody wanted.

—A war which everyone was eager to avoid except a reckless handful.

France and England were dazed by the awfulness of the horror rising before them. They scarcely believed what was happening; hence only now are mobilizing. And this in spite of the fact that Germany mobilized weeks ago.

Few believed that war was possible. They could see no good reason for it, certainly no need.

But events outran statesmanship. For Hitler repeated all the mistakes of the German Junkers, who, with the Kaiser, ganged the German people into war in 1914.

War or peace, Hitler seemed to be snatching defeat from the jaws of victory.

Badly Advised

This ranting megalomaniac is badly advised. There are Ribbentrop, Goebbels, Himmler and many others continually at his ear. He acted last week as though he believed "degenerate" democracies were ready to pay a price for peace.

If he has ever turned from his war-making cronies long enough to consult his economic advisers, he has completely ignored their warnings.

I talked with some of these men in Berlin. They readily admitted that Germany must crack under a European war.

During the Hitler regime Germany has played her diplomatic cards brutally but brilliantly. She has been winning brilliant diplomatic victories right down the line—until Godesberg.

After that, the world decided, rightly or wrongly, that the Sudeten issue was simply a pretext—merely a blind covering the real objective—German domination of Europe.

Few in Europe during the past week have been thinking rationally. The war hysteria has fed on itself. Few have stopped to ask the question if now is the time, if war is the only way to crush Naziism.

Unorthodoxy

It has been extremely difficult for Chamberlain to maintain an atmosphere wherein efforts for peace could possibly succeed. His policy has been cool and rational, though most unorthodox throughout. He has been completely unwilling to precipitate European war on a minor issue.

He knows that any price for peace is less than the cost of war.

It appears that the Prime Minister's main reason for the dramatic flight to Berchtesgaden was his fear that Hitler was simply uninformed, that he did not know what was going on in the world outside his own narrow circle—in the world even of his own people.

Chamberlain feared especially that Hitler did not understand the real stand of the democracies.

When Mr. Chamberlain's fair compromise plan submitted at Godesberg failed, two things happened.

First, he was reluctantly forced to abandon his stubbornly-held hope that Hitler was sincere in his race philosophy and sought only justice in Sudetenland.

Failure of his proposals apparently led Mr. Chamberlain sadly to conclude that there was a deeper aim in the Nazi demand—the destruction of Czechoslovakia and domination of all Europe.

Never a Slip

But never once did the British Prime Minister jeopardize peace efforts by an unkind word, a petulant mood or a fleeting revelation of the thoughts which must have been racing through his brain.

The spontaneous outburst of all democracies convinced Chamberlain that the people were prepared to protect democracy against the Fascist menace.

Both these developments were the result of the incredible stupidity and the unreckoning greed of the Nazi rulers.

But Hitler was long past the reasoning stage, and continued on his mad course, wrapped in his own sinister, sombre complexes.

Don't Want War

I have been in Berlin recently enough to know that the German people want war no more than Canadians.

But that makes little difference. Because the German people decide nothing. They are completely ignorant of the real issues.

The broadcast of Prime Minister Chamberlain's speech this week in Germany—in German—was the first effort made to penetrate the

(Continued on page 2, col. 3)

I. A. C. Business Well Maintained

From Our Own Correspondent

MONTREAL.—Volume of business and earnings of Industrial Acceptance Corp. are holding up well this year. Returns for September will not be available for a while, but up to the end of August profits were running moderately head of the same period in 1937.

For the first half of 1938 I. A. C.'s volume of business showed an increase of 12½% over the like period of last year. The improved results were obtained in the face of a smaller amount of automobile business and were due largely to the fact that dealer connections have been substantially increased.

Manitoba Has Larger Surplus

Has Surplus of $505,000 After Paying $1.3 Million of Relief Costs

Budget results of the Province of Manitoba for the year ended April 30 last exceeded fondest hopes.

With revenues at peak levels, the province was once again able to report a surplus on ordinary account. In fact, there was a surplus of $505,189 after charging $1,350,243 of relief expenditures off to revenue account. In the previous year there was a surplus of $20,381 on ordinary account, but this was before making any provision for relief expenditures.

Results for the year indicate the province could have got along without the special grant of $750,000 from the Dominion Government, made on the recommendation of the Bank of Canada. If Manitoba had received no special grant and had borrowed the entire provincial share of relief from the Dominion, as in the previous year, it would have had a surplus on ordinary account of $1.1 million. In other words, there was a budget improvement over the previous year of $825,000, even before taking the special subsidy into consideration.

Revenues Increase

Total revenue for the year exclusive of the special grant was $16,182,889, and, with the grant included, was $16,932,889. Thus, revenue receipts, exclusive of the grant, were $967,714 higher than in the previous year.

In his original budget for the 1937-38 fiscal year, Hon. Stuart Garson, provincial treasurer, estimated there would be a deficit of $472,000 before taking into account the special grant from the Dominion. He estimated revenues at slightly over $14.1 millions, so that his estimate was exceeded by more than $2 millions. Even his revised estimate of $15.5 millions, made in January of this year, was far short of the mark.

Expenditures charged to revenue account in 1937-38 totalled $16,427,699. This included $1,350,243 of relief expenditures, so that ordinary expenses, exclusive of relief, amounted to $15,077,456. This compares with expenditures of $14,934,793 in the previous year.

Improvement in the budget position of the province was entirely due to buoyant revenues, as a result of better crops in Manitoba in 1937. In each of the past two years Manitoba has reduced taxes, but revenues have continued to increase.

Stop & Shop Losses Down

Net Loss of $18,133 Reported, Against $79,091 in Previous Year

Operations of Stop & Shop Ltd. for the 56 weeks' period ended Mar. 26, 1938, resulted in a net loss of $18,133, as compared with $79,091, for the year ended Feb. 27, 1937.

The president, R. H. Hommel, states that the company defaulted in interest and sinking fund payments due April 1, 1938, on the first mortgage bonds, and upon interest payment on the second mortgage bonds due June 1, 1938. The company has been conducting negotiations in an effort to call a meeting of bondholders in the near future, at which time methods of clearing up the default will be discussed.

The annual report states that the operations of Thrift Stores for the period corresponding to the Stop & Shop report resulted in a net loss of $134,120. Since the close of the fiscal year the company has closed 10 stores and the warehouse in Toronto and the accounting staff moved to Montreal. Mr. Hommel says that these changes have brought about marked improvement in operations.

Brown Co. Seeks $8 Millions Loan

MONTREAL.—A special committee of Brown Co., composed of representatives of the bondholders, preferred and common shareholders and Canadian security holders, has made application to Reconstruction Finance Corp. at Washington for a loan of $8 millions. The success of this application will determine the proposals to be adopted for the rehabilitation of the company.

C.S.L. Earnings Dependent on Grain Traffic

Profits to Date Are Down, But Next Two Months Will Tell Story

POOR TOURIST SEASON

From Our Own Correspondent

MONTREAL.—Movement of grain from the head of the lakes within the next 60 days will determine profits of Canada Steamships Lines for the current year.

Earnings of the company to date are below those for the same period of 1937. However, should a substantial volume of grain traffic develop, it would be possible for the decline to be entirely overcome.

At present the outlook is favorable. Grain traffic this fall is almost certain to be heavier than this time a year ago. No matter what the market outlook, a considerable portion of this year's crop probably will be transferred to eastern Canada.

Better Earnings From Grain

To a very large extent prospects of as good earnings as last year are dependent upon the European situation. European purchases of wheat have increased recently. Should there be no improvement in the situation, there, a further increase can be expected.

Another favorable factor is the recent increase in water freight rates for the transport of wheat from Fort William to Montreal. During the past two weeks the rate has been increased from 5¾ cents to 6½ cents a bushel, with some business actually transacted at seven cents a bushel. Since the prevailing rate at this time a year ago was five cents a bushel, the increase is of major importance to the company.

Passenger Traffic Poor

Two factors have been largely responsible for the decline in earnings in the current year to date, namely, poorer tourist business and a smaller volume of bulk freight. As far as the tourist business is concerned Canada Steamships has been no exception, passenger traffic and hotel business being well below last year.

Bulk freight has been well below last year, despite the large volume of American corn moved during the early part of the year. The unprecedented movement of corn more than offset the decline in Canadian grain traffic, but it was not sufficient to offset the decline in other bulk cargoes such as iron and coal. Recently, bulk shipments have shown some improvement.

Package Freight Good

Package freight is one phase of the company's business which has held up to last year's level. In view of the recession in business this is difficult to explain, but there has been increased movement of certain types of foodstuffs for export. In addition, shipments to the lakehead have improved as a result of better conditions in western Canada.

At the moment it is impossible to make an estimate of earnings for the current year. As indicated above, this will depend on the movement of grain. Last year the company earned $1.03 a share on its preferred stock.

Gun Proposals By Hahn Aired

Bren Enquiry Delves Into Precontract Schemes Submitted

From Our Own Correspondent

OTTAWA.—Evolution of the Canadian Government contract for production of Bren machine guns in Canada was traced through a yearlong series of preliminary proposals, as the Royal Commission probe of the contract got under way this week before Mr. Justice H. H. Davis.

Highlight of the opening sessions was contributed by the objections recited by Lieut. M. P. Jolley, small arms expert in the ordnance branch of the defense department, to various phases of the precontract propositions. These objections mostly concerned the alternative plans for amortization of the cost of plant or acquisition of a government owned plant. Lieut. Jolley was the sole witness at the inaugural hearings.

All the proposals were submitted by Major James E. Hahn of Toronto, now president of the John Inglis Co., Toronto, holder of the contract now being investigated. No other proposals for Canadian production of the Bren weapon were made to the department by private interests, the Commissioner was told. Submission and negotiation over the various Hahn plans occurred at intervals between Dec., 1936, and Nov., 1937. The contract was not signed until March of this year.

Drew, Ralston Clash

Early proceedings were featured by several clashes between Hon. J. L. Ralston, Commission counsel, and Col. George A. Drew of Toronto, whose critical article in Maclean's Magazine precipitated the enquiry. Col. Drew is participating in the enquiry in association with I. F. Hellmuth, K.C., retained by the MacLean Publishing Co.

One point of contention was Mr. Ralston's suggestion for an adjournment after a day or so of testimony if no definite reply had been received from the British Government, on the request for tabling of the British contract for Bren gun production in Canada.

Col. Drew protested further adjournment on the grounds that the

(Continued on page 2, col. 6)

MEN'S SHOP

The World Over It's

BURBERRYS LONDON

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EATON'S-COLLEGE STREET

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Upon request, one of our representatives will call on you without obligation to you.

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IN THE DAILY SERVICE OF BUSINESS

TODAY'S PIONEERS

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Business men!

Leaders, with courage to strike out on untrodden paths, introducing new articles to the world of commerce, giving practical expression to scientific research, building a fuller, more abundant life for everyone.

Through years it has been the privilege of The Royal Bank to work with many such Canadians and by working with them to share the satisfaction of seeing their plans take shape.

THE ROYAL BANK OF CANADA

OVER 700 BRANCHES IN 30 DIFFERENT COUNTRIES

The Nation's Business

(Continued from page 1)

informing Canadian taxpayers of the grave financial burdens now being carried and those which lie ahead, and of the courageous steps which must be taken to meet these burdens.

One definite step which Canadians should be prepared to take is to broaden the base of the income tax.

* * *

Transit Companies Set Modernization Pace

OPENING of the American Transit Association convention in Toronto next week has a double significance for Canadians.

It is the first time in the Association's history of nearly 60 years that circumstances have permitted it to pay a compliment to its limited Canadian membership and hold its annual meeting in Canada.

More important, it serves to draw attention to the progress made in the $6 billions transit industry toward modernization of facilities.

Transit equipment, particularly rail vehicles, wears out and becomes outmoded much less rapidly than equipment of many other industries. The swift and sweeping changes that urban transit has undergone, particularly in the past five years, can be traced only in part to obsolescence of existing equipment. Other important factors are:

1. Pressure of automobile competition.
2. Determination by the industry to meet modern and changing conditions.

* * *

CHIEF characteristic of new transit trends has been widespread replacement of rail car facilities by buses, especially in smaller cities and on light traffic routes in larger centres. Both buses and rail cars have undergone striking achievements in modernization of design, of riding comfort and appointments, of speed and flexibility of motive power units.

The past few years have seen appearance of agile rear-engine buses, acceleration of development of Diesel-engine and trolley buses, perfection of buses operating as either trolley or Diesel units, and evolution of the fast, streamlined and noiseless "P.C.C." street car, such as Toronto has recently introduced for the first time in Canada.

Recently a bus with a carrying capacity equal to the average street car has been introduced.

The transit industry has set and is still setting a modernization pace that might well be emulated by other industries, particularly steam railways.

Compared with urban transit, steam railways have made slow and limited progress in modernizing facilities to meet both modern demands and the competition of the bus and private auto.

Just Suicide for Germany

(Continued from page 1)

German void, to give them some notion of what leaders outside their own country were thinking and saying.

Any time during the last two weeks, if the democracies could have got through to the German people, I believe that the whole horror of the last awful days could have been averted.

The Germans have always been assured by their leaders that there was not any issue at stake save Sudeten justice. They never knew the truth about the swift avalanche of events which ranged the democracies against the totalitarian aggressors.

Confident of Peace

The Germans I talked with were supremely confident that there would not be a war. But they knew nothing of the incredibly sinister influences which were leading the half-fanatical Fuehrer on his mad course, and which, through him, were leading the whole nation to war.

Complete slaves of the controlled radio and press, they heard nothing but what their revered leaders told them.

The realm leader's speeches were very clever in convincing the German people of the justice of his claims, the wisdom of his policies. But the world knows differently. It remembers similar promises of the past regarding Austria and Czechoslovakia and knows them to be meaningless.

The people of Berlin, when I talked to them, swore that war was impossible, that there was nothing to fight for. When I urged that a crisis was upon us all, they said that Hitler was for peace. They trusted him to make no mistake. Germans will follow their demigod anywhere.

Talk in the European capitals during the past week has pointed to a military coup d'etat. But Hitler's picked Storm Troopers probably make that impossible. After the crisis is over, how long the nation follows Hitler is another matter.

There are signs of discontent visible to the visitor. First-hand studies have convinced me that the Germans are strong both economically and militarily. But already they are utilizing their natural resources one hundred per cent, and with very little reserve to draw upon.

Financially they are probably capable of getting along through inflation. But the economic life of the nation and the loyalty of the laboring masses, already strained to the breaking point, must ultimately break under greater tension and privation and discipline.

Czechs Only Want War

No one in Europe is willing to fight except the Czechs. Throughout, they have been almost fanatically anxious to fight the Germans. Feeling sure of democratic help, they are confident they would kill at least five Germans for every Czech.

The past week has been one of anguished horror for the populations in every European capital. Their fear is partly of the unknown, of what totalitarian war and aerial bombardment would mean.

Civilian populations, even in Geneva—that traditional European sanctuary of peace—have been hourly expecting German troops to march through as they did through Belgium the last time.

London and Paris present amazing spectacles of people quietly preparing at the last minute for what appeared to be unbelievable carnage.

Credit House Snags Appear

(Continued from page 1)

blank cheques which would only become negotiable when the individual had filled it out and signed it. This would mean that having an account in the credit house would be no different to having a current account in a bank, though the credit house set-up would be described in terms used by Social Crediters, and the argument would be that the customer was using "his own credit."

With the $200,000 authorized, the Government hopes to launch an enterprise performing the functions of a chartered bank. But the fund makes provision only for capital expenditures and operation of the credit houses. There is no provision whatever, The Financial Post is informed, for redemption of the scrip or credit certificates which the credit houses are to issue.

First intention of the Government to obtain a blank cheque to launch its new scheme was blocked when the Lieutenant-Governor insisted that the amount of money to be spent be filled in before he signed the order-in-council.

Interference With Trade

Scrutiny of the signed but unpublished orders setting up the credit houses reveals two striking features:

1. Citation of statutory authority for the provisions of the orders—the set-up of credit houses and financing their operation by order-in-council and special warrants—is noticeably absent from the text. But the Government is evidently acting under the legislative power given in the Social Credit Realization Act 1938, Clause A, permitting the Social Credit Board to adopt and recommend to the Lieutenant-Governor-in-Council policies for realization of Social Credit.

2. The vital clause of the main order among the three passed, and the core of the credit house scheme, in effect provides compensating price discounts in the form of credits. Similar devices attempting discriminatory interference with the free function of trade and commerce have been ruled improper and ultra vires by the courts.

The main order in question, "O.C.1069/38," first provides for establishment of branches of the treasury department, receipt of deposits of money, cheques, and orders by depositors on their accounts; and making of contracts with depositors concerning "the manner of repayment of the said deposits." Such contracts may provide for payment of interest as agreed upon with the depositor upon balances standing at the credit of the depositor. Then comes the significant clause of Section 4:

"(B) That in lieu of interest there shall be credited to the account of the depositor an amount not exceeding three per centum (3%) upon such portion or portions of his deposit used in the purchase of goods from merchants who have entered into contracts with the treasury department, and which goods have been purchased by means of orders drawn by the depositor in favor of the merchant upon his said deposit."

This means that any Albertan who puts his money in the credit houses and thenceforth makes purchases with credit house orders or credit certificates or whatever they may be called, will get a rebate or bonus of 3% on such portion of his deposit as he uses in such transaction. This is predicated, of course, on the assumption that merchants will be willing to accept credit orders in the hope of getting business from those seeking the 3% bonus or credit.

War Would Bring Jolt to Business

(Continued from page 1)

switching has already been made. War burst suddenly on a startled world in 1914. There was little advance warning so far as Canada was concerned. Aside from foodstuffs war demand developed slowly and there was much bungling.

Now, thanks to speedier communications there should be little surprise and the experiences of armament making in 1914-1919 will help speed preparations. Canada in the last war proved to be something more than a source of food supplies and manpower. Toward the end of hostilities this country was turning out thousands of shells a day and much other military equipment as well. Since then our industrial machinery has expanded and already is prepared to produce airplanes, guns and munitions.

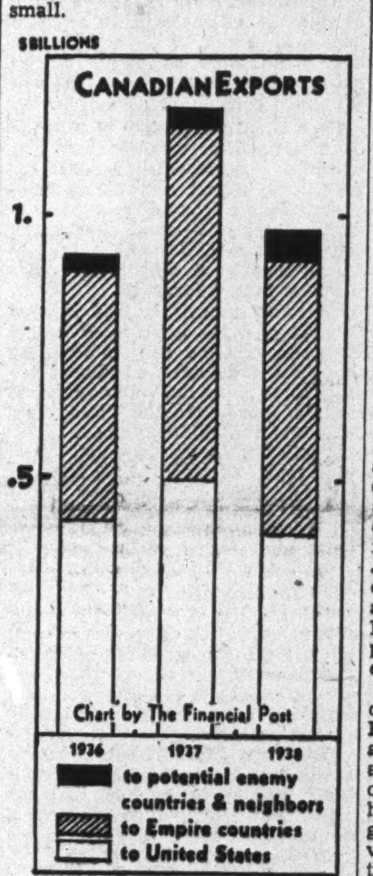
Shock and Disturbance

First effect, as in 1914 would be shock and wide disturbance. Indeed in the last four nervous weeks we have already sampled some of that disturbance. Buying of durable and semi-durable goods has been postponed, building plans pigeonholed, dividend action delayed, government projects put off, travelling deferred and export orders cancelled. This cautious buying attitude might be expected to continue for some time.

After war was declared in 1914 prices of German made drugs and dyes shot up but not potatoes or pigs. There was a mild rush to lay in sugar and flour but none at all to buy stoves, refrigerators or houses. That sort of trade came much later. In the first year or two hundreds of old jobs disappeared, many factories were forced to close. Heavy industry switched quickly to shells and guns but lighter manufacturing was hit. Only later did it participate when war profits had generated a war prosperity.

Trade With Foreign Countries

Most apparent shock in the event of war will undoubtedly come to industries directly interested in foreign trade. Importers of German goods or products of countries either allied or cut off by Germany, will be unable to restock. Exporters to these countries will find themselves without a market. Relatively, however, such a disturbance should be small.



Barely 5% of total Canadian exports go to potential enemy countries and to those like Norway, Sweden, Poland, Rumania which might be cut off by war blockades. Provided sea control is not lost our $500 millions trade with the British Empire and our $350 millions annual sale to United States should hardly be affected at all.

Indeed present total of approximately a billion dollars a year would probably be maintained because the shutting off of German and other central European goods to the rest of the world would probably bring new orders to this continent from South America and Australasia. This was the experience of the last war, it will probably be repeated if there is to be another.

Installment Buying

Uncertainty at the beginning of any prolonged period of hostilities and resulting shift of population and individual fortunes would certainly have a profound if only temporary effect on installment buying. This practice has been a relatively new development since the last war.

Of course, on the extent of enlistment much more than installment buying will depend. At the present time there are in Canada over 350,000 unemployed men and women capable of working. But if the experiences of the last war are to be repeated considerably more than our present number of unemployed would be absorbed into the army.

Mechanization of the Army

In regard to the raising of another large Canadian Expeditionary Force and its tremendous appetite for food, clothing, munitions, medicines, tobacco, shipping space and other things, however, there is in the present crisis some considerable doubt. Dispatches from Great Britain emphasize the necessity of airplanes, tanks, trucks and machine guns. They say little of manpower. There has been much about air raids over the Rhine, little about an infantry push. If the next war is to be fought by machinery then it may not solve quickly our present problems of surplus labor and surplus wheat.

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Gun Proposals By Hahn Aired

(Continued from page 1)

terms of reference covered many matters that could be dealt with "in no way affected by the reply from the British Government." At midweek Col. Drew launched into detailed cross-examination of Lieut. Jolley.

The alignment of the various interests represented at the enquiry was suggested at one stage of the proceedings by this significant remark by Aime Geoffrion, K.C., counsel for the Inglis Company in association with J. C. McRuer, K.C.:

"You will appreciate, Mr. Commissioner, that we are to a certain extent in the same boat as is the Government. It is understood that Colonel Drew is on the other side."

Survey of Sources

Lieut. Jolley's testimony revealed that in addition to reporting on the Hahn proposals in his official capacity, he had made a comprehensive survey of methods by which the Government could supply itself with Bren guns. The potential sources surveyed by the arms expert included Czechoslovakia (where the gun was invented), the British war office, private armament firms in England, a plant owned and operated by the Canadian Government, a plant government-owned but privately operated, and entirely private production.

Also canvassed by Lieut. Jolley's surveys, made between Aug., 1936, and late 1937, was the possibility of producing guns in the Government arsenal at Lindsay, Ont., or Canadian National Railways shops. During 1935 and up to Aug., 1936, Lieut. Jolley was engaged in studying operations at the Woolwich Arsenal and the Enfield small arms plant in England, including preparations to produce Bren guns at the latter establishment.

The expert's findings on the various alternatives ruled out Czech and British production because of costly and delayed deliveries, and advised against a government-owned and operated plant in Canada because of high capital cost and slowness in getting production started. Disadvantages were thought to outweigh the advantages of the Lindsay arsenal and C.N.R. shops suggestions. Of Canadian plants of types considered capable of gun production, he found none with more than 18 or 20% of the requirements for manufacture of the Bren gun.

Private Operation Favored

From considerations of economy, efficiency and reasonably quick deliveries, Lieut. Jolley's studies inclined him to favor production in a government-owned but privately operated plant or entirely by private enterprise with government ownership or amortization of equipment.

But Lieut. Jolley recited to Commissioner Davis firm objections he had taken to features of Major Hahn's early proposals bearing on amortization of the cost of a company-owned plant and alternatively for Government ownership of the proposed gun plant. Under one plan, an opposed provision was that Government payments for the guns should amortize the cost of the plant during a production period of 10,000 guns or alternatively in a three-year period.

Under another of the early proposals submitted by Major Hahn, the Government would acquire a plant from the company or otherwise, lease it to the company for $15,000 a year, and give the company the option of buying back the plant at any time at cost less depreciation. Lieut. Jolley objected that the proposal called for a rate of plant depreciation that would wipe out its value in seven years, enabling the company to get it for nothing in 10 years. Further, the proposal called for a cost-plus-20% profit basis, so that in effect the company would be getting a rebate on its rent of the plant, which would be classed as a cost item.

"Ridiculous" Provision

The re-purchase phase of this plan Lieut. Jolley deemed "ridiculous," and he deemed the proposal generally as unacceptable because it demanded a "profit without investment." The 20% profit was to apply to the first 2,000 guns delivered, after which a fixed price was to be set. In an earlier plan, the 20% was to be paid on all costs except amortization. Subsequent proposals called for a cost-plus-10% basis, with the Government gradually acquiring plant and equipment established by the company.

Estimates of potential profit in the various proposals ranged from $282,000 to $469,000 on 7,000 guns for Canada alone. Profit on any guns made for the British War Office would have been additional to these amounts. In the contracts finally signed between the Inglis firm and the Canadian and British Governments, profit amount is limited to $267,000 in the Canadian contract and $457,700 from the two contracts for a total of 12,000 guns.

Lieut. Jolley testified that when Major Hahn submitted late in 1937 a proposal on which the contract was largely based, the major reported that his cost figures had been checked by the British War Office, and that his estimates had been pronounced "reasonable" by officials of the Enfield small arms plant.

To Present Refunding Plan For Montreal South Bonds

Debenture holders of the Town of Montreal South will be presented with a plan of reorganization on Oct. 11 in Montreal by the Quebec Municipal Commission.

The reorganization plan provides that all outstanding bonds will be refunded in cash at par; all bonds of the corporation held in sinking funds will be cancelled; interest at the rate of 3½% per annum will be paid in cash, covering the period from May 1, 1936, to May 1, 1938, and 4% from May 1, 1938, to a date to be fixed later for the refunding of the old bonds.

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Issued	Sold to	Rate	Due	Amount	Price	Yield
Parish of St. Colomb de Sillery, Que.	Sept.	Dube, Leblond & Co.	4%	20-yr. ser.	$96,000	99.18	4.10%
Mun. of Oak Bay, B.C.	Sept.	A. E. Ames & Co.	4½%	10-yr.	5,500	103.28	4.09%
Hamilton Harbor Commission	Sept.	A. E. Ames & Co.	4%	1941-50	385,000	*100	.....

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Bond Issues—	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
La Communaute Des Soeurs De Charite De La Providence	Sept.	Paul Gonthier & Cie	4%	1939-58	$150,000	100.50	.....
Stock Issues—							
Paragon Hat Manufacturing Co.	Sept.	Direct	7%	Pref.	21,500 shs.	.....	.....

*Offering price.

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Features in the October issue

THE CANADIAN CHARTERED ACCOUNTANT

Presidential address
The administration of the Canadian income tax law
Salmon canning and cannery branch accounts
Depreciation and obsolescence
Two Exchequer Court judgments — *Snyder and Applegate* cases and *W. R. Wilson* case.
Students' Department

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Where did you get this BRAIN-WAVE, George?

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London Calling

by Atticus

British Minister of War Flushed but Determined —Simon's Antiseptic Sanity Cooling Passions

LORD HALIFAX

LONDON.—On the day that Mr. Chamberlain flew to Germany I met a famous film director in the Mall. With a gesture of despair he threw up his hands. "How can films compete with this?" he cried. I understood his feelings exactly, yet the Chamberlain decision was not melodrama. On the contrary it was real, untainted drama and as such cleansed the soul of men.

I cannot recall anything in recent years to equal the startling and profound effect of the announcement that the Prime Minister would fly to see Herr Hitler. Had there been advance rumors or suggestions of it the effect would still have been great. But coming as it did without heralding of any kind it caught humanity unawares. There was no time for doubt or cynicism, no opportunity to strip the proposal of its magnificence by talk. There was the instantaneous quality of genius about it and the hearts of men leaped in recognition.

* * *

Emotional Effect

Perhaps the very lack of flamboyance in Mr. Chamberlain's character intensified the emotional effect. Of all men in public life he has the least instinct and the least liking for the footlights. There is a simplicity and sensitiveness in his nature which make him distrust the make-up and the glamor of the theatrical. It may well be that at times he disdains them too much, for we live in an age of showmanship where shouting and strutting are at a premium and gentleness and good manners are regarded as weakness.

As so often happens, however, the man who does not seek the limelight eventually commands its full intensity. Not one voice challenged Mr. Chamberlain's sincerity. Not one critic regarded it as a move in a game. They knew that he was taking this last step for one purpose—to prevent the slaughter of millions of innocent people and the beginning of a war as senseless in its conception as it would be unpredictable in its repercussions.

To leave the majesty of the whole affair for a moment it is interesting to contrast this visit to Hitler with that of Sir John Simon and his entourage in 1933. On that occasion the German leader made every effort to demonstrate the military spirit and strength of his country. A guard of honor chosen from the tallest men in the Storm Troopers was drawn up at the aerodrome. The streets were lined with soldiers. Germany was presented as a nation in arms. Only at the end of the visit did Herr Hitler relax and give a dinner party at his house for Sir John and Mr. Eden, after which Backhaus played Beethoven's Moonlight Sonata and Hitler's smoldering eyes were filled with tears. There is no record that either Sir John or Mr. Eden, who are not renowned for their love of music, joined in the tribute of tears to Beethoven's lovely sorrows. Probably their eyes were too full of other things.

On Mr. Chamberlain's visit there seems to have been every attempt to suppress the military atmosphere. The scoffer may say that there is no longer any necessity for Germany to prove that she is armed.

* * *

German Courtesy

Not even a passionate desire for a better Anglo-German understanding could make me regard the recent gatherings at Nuremberg with enthusiasm. General Goering's speech was a great disappointment to those of us who have reason to believe that he has recently been an influence of sobriety in German counsels. Like a true artist, however, he may have succumbed to the atmosphere of the occasion. Herr Hitler's speech, however, was a highly interesting experience. I listened to it on the wireless with modified rapture, but the keenest attention. There is no question but that he possesses a remarkable voice. If it be true that physical strength prompts young men to take up games and a love of beauty makes others take to painting oils I wonder how far Herr Hitler's voice prompted him to think of political leadership. I am not casting any doubts on the sincerity of his purpose to make Germany all-powerful—I wish I could discover some doubts on that point—but the possession of that remarkable voice must have played some part in his dreams. In its lower and more tranquil notes there is a certain similarity to that of Earl Baldwin. Both possess what is known technically as "overtones" but which is flippantly described by the illiterate as "fruity." When Herr Hitler ascends the scale, however, he leaves Earl Baldwin far behind. There were moments on Monday night when it only needed an orchestra behind him to imagine that one was listening to an anguished Tristan in the last act of Wagner's opera.

* * *

Strain on Cabinet

In the meantime how are our ministers standing the strain? Lord Halifax looks tired but does not give any impression of jumpiness. He has the rare quality of being able to say as little or as much as he intends, a valuable attribute in a Foreign Secretary. If, after a sentence has started, he sees a word approaching which may convey more or less than he desires he will pause without embarrassment and consider the matter. Tapping his lips with his spectacles and looking straight ahead he will think it out as long as necessary and then pronounce the word that his judgment finally selects.

Mr. Hore-Belisha looks flushed but determined. Sir John Simon walks from conference to conference with that stately stealth that is peculiarly his own. His detached antiseptic sanity still cools the burning passions of lesser men. By accident I met Mr. Duff Cooper off duty for a few minutes and hasten to record that he appears more carefree than he has done for a long time. If one may judge by his attitude the Navy is ready for anything. As for Sir Thomas Inskip, his jaw protrudes more than ever and his shoulders are still unbent by a burden that must be nearly insupportable.

* * *

From Overseas

One word more and I shall leave the international scene for other things. At a time like this the attitude of the Dominions is of decisive importance. Therefore it must have heartened Mr. Chamberlain and steeled his resolution when Mr. Savage and Mr. Lyons on behalf of New Zealand and Australia flashed their messages that "come the three corners of the world in arms" they stood as always with the mother country. On the ship that brought me back to England a week ago Mr. R. B. Bennett was a passenger. Once during a long and interesting conversation I asked him some question about the Empire. I suggested that he should base his reply on pure logic. "That is impossible," said the distinguished ex-Premier of Canada. "I cannot approach any Empire problem without sentiment." We have some faint hearts and detractors in the outer Empire, but we have men of vision and character, too.

Mr. Bennett's future is causing much speculation. He has recovered amazingly in health and is as dynamic as ever. There seem to be two choices before him, although he did not discuss them with me. Having resigned the leadership of his party he can go to the Canadian Senate and play the rôle of Elder Statesman. The other alternative is that he should live in England and by entering the House of Lords become the spear point of the Empire revival that is long overdue. I would be happy to think that he will take his place at the heart of the Empire.

* * *

A Full Life

Until illness laid him aside two years ago, Prince Arthur of Connaught had lived a full life. Although modest and unassuming, he had a high sense of duty and travelled in many lands in the service of the State. It would be wrong to say that he was a highly popular figure. His personality was not as striking as that of his father, the Duke of Connaught, nor did he possess the same easy charm. True appreciation of his many fine qualities was confined to his friends, of whom he had many. To those who merely saw him on ceremonial duty he seemed severe and lacking in warmth. Actually he suffered from shyness all his life and never completely shook it off. Off duty he was a many-sided personality. As a raconteur and a mimic in many languages he was brilliant. His humor was keen and he possessed a certain shrewdness that would have served him well if he had been what he looked, a business man.

HORE-BELISHA

Once as a schoolboy he wrote to his Grandmother, Queen Victoria, suggesting that the gift of a pound would be acceptable. In due course he received a ten-shilling note with the suggestion that he should earn the remainder by hard and diligent attention to his studies. Two or three days later he wrote to Queen Victoria, stating that as he had sold her letter to a collector, there would be no necessity to bother about the second ten shillings.

When the sons of King George V were boys, Prince Arthur did a great deal of work which naturally devolved on them when they grew up. It was typical of Prince Arthur that he stepped aside when the time came with the same devotion to duty as he had undertaken the tasks. It is strange to consider that there is now only one British Prince left—the little son of the Duke of Kent.

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Creditors Appoint Dunrobin Trustee

Statement of Custodian Shows Liabilities Exceed Assets by $3,500

Premier Trust Co., Toronto, has been appointed permanent trustee of Dunrobin Ltd., Grimsby, Ont., distillery, at a meeting of creditors. The trust company was named custodian in the latter part of August, following the filing of a motion for a receiving order in court.

According to the custodian's report liabilities of the company exceeded assets by $3,500, based on estimated figures and subject to adjustment.

Current assets amounted to $8,753; inventories, including 48,088 gallons of spirits, $51,088; real estate, $18,257; machinery and equipment, $25,617. Liabilities of secured creditors totalled $23,296; preferred creditors, $6,699, and ordinary creditors, $58,963.

Transport Board Makes Appointments

From Our Own Correspondent

MONTREAL.—A. S. Kirk, of Montreal, has been appointed assistant director of the traffic department of the Board of Transport Commissioners.

W. E. Campbell, chief traffic officer, becomes director of traffic. F. R. Harvey, former asst. chief traffic officer, and Mr. Kirk become asst. traffic directors. Mr. Kirk will specialize in water traffic which will be brought under the Board of Transport Commissioners at the end of the current year.

B.C. Electric Puts New Unit on Test

Work at Ruskin in Final Stage — New Substation for Tramways

From Our Own Correspondent

MONTREAL.—B. C. Electric, subsidiary of B. C. Power Corp., is undertaking at present tests of the No. Two generating unit at the Ruskin power plant. When the tests are completed, another 47,000 h.p. will be available, bringing the capacity of the Ruskin unit to 94,000 h.p.

Work on the new generator was started in March of last year. The installation has proceeded smoothly through all its phases, and despite delay in shipment of some of the turbine machinery from the east, completion of the job will be practically on schedule.

Enlarge Burnaby Station

To care for the added load from Ruskin, installation of an added bank of stepped-down transformers at Burnaby substation is being carried out. The transformers have arrived and will be set up promptly. Additional switching equipment also will be installed in Burnaby substation in the near future.

B. C. Electric is also carrying out construction of another railway substation for the Vancouver city street car system. The building, similar in design to the Southland substation will be of reinforced concrete construction.

The equipment will consist of a single 1,000 kw. motor generator set. Alternating current will be obtained from the new Grandview substation.

Municipal Defaults Gradually Clearing

Following a seasonable lull in activity, municipal authorities and representatives of bondholders organizations are preparing to tackle again the problem of clearing up default situations in Canadian municipalities during the coming season.

Many legal and technical obstacles have been surmounted in effecting settlements. Compromises between the demands of debenture holders and the municipalities have not been easy to arrive at, but there has been conscientious effort on all sides to effect equitable solutions. Demand for good municipal securities reflects a confidence that investors retain in this type of security.

When may the financial condition of a municipality be considered as being in good shape? A purely arbitrary basis used by one organization states that the assessed value per capita of townships should not exceed $500; for a town, $750 would be a reasonable figure and $1,000 for a city. Gross debenture debt should not be greater than 20% of assessment. These figures along with the consideration of tax collection and arrears form a reasonable yardstick for measuring financial strength.

The western provinces, particularly the prairies have been fighting a formidable combination of depression and drought, and as might be expected have not emerged unscathed. The majority of defaults are of the small rural subdivision type, but only the larger municipal organizations in the three provinces are treated here. The situation in Alberta while extensive is confined to smaller defaults.

B. C. Defaults Clearing

In British Columbia a relatively small number of difficult financial situations remains to be disentangled. Plans for refunding the city of Victoria's funded debt, approved by the majority of debenture holders awaits final outcome of an attempt to upset a ruling of the appeal court of B. C. The minority has until Oct. 7 to file notice of intention to appeal to the Privy Council. None has been made to date.

The District of Burnaby, in default for about four years, has been making substantial headway in preparing for negotiations in the near future.

Some improvement has been made in the financial condition of the city and district of North Vancouver, but there is little prospect of settlement for some time. In addition, legal technicalities and an answer to the bridge question complicate refunding.

At the present time negotiations are under way to reach a plan for refunding the debenture debt of Enderby.

Numerous small default situations in Saskatchewan are more hopeful of solution with the better grain crop results, but investors are not optimistic over the chances of satisfactory agreements in the majority of cases.

Moose Jaw is continuing discussions with debenture holders, commenced about a year ago, but no basis for further negotiations has been announced.

Weyburn has been in default since Oct., 1937, on its funded debt. This town will benefit considerably from better crop returns.

There are in Saskatchewan numerous small rural subdivisions which have encountered difficulties. Refunding agreements are gradually being made but progress is naturally slow. Default in Swift Current is of long standing. A compromise plan which expired in 1937, was extended for another five years. Under the agreement payments were to be made up to 2½%. In 1937, 1% was paid. The municipality is operating under the supervision of a Board of Supervisors appointed by the creditors and city.

Manitoba Difficulties

The majority of Winnipeg suburbs were forced into default but committees representing five of the eight suburbs, St. James, St. Vital, West Kildonan, Transcona and St. Boniface have filed plans with the Municipal and Public Utility Board of Manitoba.

The Winnipeg Suburban Municipal Bondholders' Committee negotiated for the first four municipalities and T. Brassard headed the St. Boniface Committee. Arrears of interest will be settled by a percentage cash payment of 25% in the case of West Kildonan; 10% in St. Vital; 10% in St. James; 20% in Transcona, and 20% on the coupons of St. Boniface. The five plans are considered as interim and the subject of principal was not dealt with.

Payment of debenture interest for the five years 1937 to 1941 will be on an income basis. One third of any cash surplus may be used to purchase bonds on the open market. Supervision of the municipalities will continue by an appointee of the committee and the Municipal and Public Utility Board of Manitoba.

The Brooklands School District and the Rural Municipality of East Kildonan are operating under supervision of the Municipal and Public Utility Board.

Fort Garry default of interest has been cleared up by a five year interim plan.

Discussion between Brandon and other interested parties are bringing settlement appreciably nearer.

A later article will discuss the municipal default problem in Ontario.

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"How much of your overhead is underfoot?"

Investment Trends

War Odds Are Answer To Stock Movements

Stocks Appear to Respond More Readily to Favorable News — New York Holds Well Above Levels Before June Advance

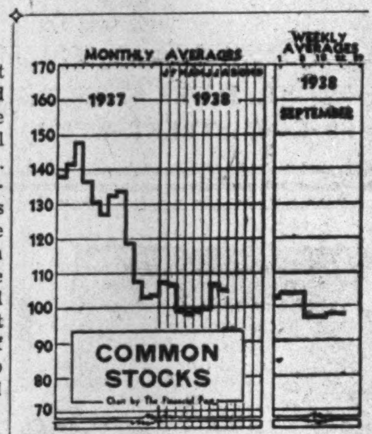
Stock markets in this and other countries continue to ignore everything except the probable odds for or against the outbreak of war. As these odds shift almost hourly with the news from Europe, so do stocks go up or down. What is needed for successful investment under such circumstances is not a knowledge of business and stock market conditions but a kind of prophetic sense. The average investor might better give up attempting to follow day to day movements. Waiting until it is known whether war or peace is certain may mean finding stocks higher than now but risks will be less and peace of mind greater.

It is still possible that the strenuous efforts for peace may be successful. That markets are ready and anxious to place a favorable interpretation on any move toward peaceful settlement of differences has again been shown this week. It is quite likely that investors who stay with good grade stocks will be well rewarded.

* * *

Extent of Declines

Up to the close on Sept. 27, lowest point reached by the Canadian and New York stock markets during the latest war scare period were still well above the lows of last March. At 101.53 for the Toronto stock exchange industrial index it was within less than four points of the 1938 low of 97.66 and had more than wiped out all the gains made since June 20. The Montreal industrial index at 66.0 for Sept. 26 was about five points above the 1938 low of 61.1. One month ago the Toronto index was at 121.5 and the Montreal index 83.6.



The New York Dow-Jones industrial stock index at 130.30 was still a long way from breaking through the level of little over 113 from which the upward move of last June started. In fact New York's resistance to all the disturbing news has been encouraging.

The London stock exchange, however, has been hitting new 1938 lows with disturbing regularity. At 91.8 for the industrial average on Sept. 6 it was well below the previous 1938 low of 93.4 established only on Sept. 26. The London rail stock index has also been steadily losing ground.

* * *

How Much Discounted?

The question often asked as to how much stocks have already discounted the worst that is likely to happen if a war should break out. Of course any forecast of this nature must be pretty much of a guess, but it might perhaps be said that the decline of the past few weeks has discounted from one half to two thirds of the drop that might be expected.

If this were true it would mean a level somewhere between 85 to 95 for the Toronto industrial share index, or from 50 to 60 for Montreal. Of course this is pure speculation and even at that may be thrown out by some such action as took place in 1914 when exchanges were closed for several months.

* * *

Depreciation in Cash

Advisability of what appears to be the natural investors' impulse to seek cash at any cost in the event of an outbreak of war, is questioned by Lawrence Dennis, economist for E. A. Pierce & Co., New York brokerage firm. Mr. Pierce feels that a rush to convert securities into paper money is an investment in the one class of security which is certain to depreciate in the event of war, in terms of commodities and of securities.

Admittedly, a few traders can make a trading profit by reinvesting a little ahead of the crowd. But on the whole he feels that investors who liquidate on the outbreak of a major war are heavy losers as a result.

One factor which Mr. Dennis feels would operate against the investor who turned to cash would be the workings of war inflation. He does not think that the outbreak of a major war in Europe would produce such liquidation as occurred in 1914 on the New York Stock Exchange, resulting in a five-months closing of the exchange. Even if there is no outbreak of war he feels that continuation of present inflationary disbursements in the United States, with, perhaps, a world-wide wave of war spending and the inevitable accompaniments of monetary inflation, makes it clear that paper money will not gain in value.

White Aircraft Plans Offering

Manufacture of Aircraft to be Undertaken at Gravenhurst

Plans are being made for the offering of stock in White Aircraft Ltd., an Ontario corporation formed in August, 1938. Preparations are understood to be almost complete, but actual offering may be delayed because of the disturbed conditions prevailing in security markets.

White Aircraft has British Empire rights to the White amphibian, a four-place machine, selling at around $12,000, and world rights, exclusive of the United States to the White Hawk, a smaller machine selling at around $4,000. The company states that it also plans to manufacture a plane of another design, which will be of a heavier type.

The former plant of the Ditchburn Boat Ltd., at Gravenhurst, Ont., has been acquired and, in addition to manufacture of the three planes, a repair depot will be operated and airplane skis made. It is understood that work has already started on an amphibian plane. The planes are of wooden construction and are primarily intended for commercial and pleasure use, although it is claimed that they could be adapted for use as training machines for war purposes.

Stock Optioned

Capitalization consists of 500,000 common shares, of which 200,028 shares have been issued for assets. An additional 200,000 shares have been underwritten or optioned at prices to net the company $200,000, if all taken up.

Directors include: James G. Crang, Toronto, president; Donald G. White, Buffalo, vice-president; C. L. Murray, Toronto, secretary; Major E. M. Watts, Toronto, production engineer, and Edgar Black, Buffalo, director.

New Weston's Subsidiary Incorporated in Winnipeg

Weston's Bread and Cake (Canada) Ltd., Winnipeg, has been incorporated with Dominion charter to acquire the assets of the operating divisions of Inter-City Western Bakeries, recently acquired by George Weston Ltd.

The entire capital stock of the company, 10,000 shares of no par value, will be held by the parent company.

The purpose of the company is stated to be the manufacture of bread, cakes, biscuits and confectionery. Addition of this territory to George Weston's operations will give that company operating units in every section of the Dominion.

Niagara Falls, Ont.—City council has passed a resolution demanding taxation on any government bridge, which may be erected over the Niagara River. An invitation we received from the Chamber of Commerce to discuss means of obtaining revenue in the form of taxation from this source.

Diversification Adds Security

●Investors who purchase corporation bonds for security may still further strengthen their investment position through careful diversification. Bond maturities; the geographical location of the companies concerned; the industries in which they are engaged; the markets which they serve—diversification of all these factors tends to minimize risk and make for a more soundly established investment portfolio.

We shall be glad to make an analysis of your bond holdings or to furnish investment suggestions upon request.

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Western Grain Loss Is Larger

Substantially Higher Volume of Grain Handlings Expected This Year

Annual report of Western Grain Co. for the year ended July 31, 1938, shows an operating loss of $154,529 compared with $8,881 a year earlier. The total loss after interest and depreciation transferred to the deficit account for the latest period was $441,847, almost double that of the previous year.

The unsatisfactory results are the direct result of the small grain crop harvested in 1937.

The current year promises business greater than that of last year, in spite of rust and grasshoppers. Substantial necessary improvements have been made at a number of country elevators.

No Interest Paid

No interest was paid on the company's $2.7 millions of 6% first mortgage bonds last following suspension of payments July, 1937.

Working capital is affected by the reduction in grain inventories from $201,849 at July 31, 1937, to $31,220, partially offset by corresponding reductions in current liabilities. Cash on hand of $497,293 at July 31, 1938, is down slightly from the $515,975 of a year earlier.

Consolidated Income and Surplus Account
Years Ended July 31

	1938 $	1937 $
Loss on oper.†	154,529	8,881
Add: Loss on assets disposal	20,981	......
Directors' fees	825	1,050
Less: Invest. income	13,917	65,806
Net oper. loss	162,418	*55,875
Add: Depreciation	116,229	116,368
Bond interest	163,200	163,901
Net loss	441,847	224,394
Add: Prev. deficit	173,831	*50,563
Deficit forward	615,678	173,831

*Profit or surplus.
†After all expenses including $22,830 in 1938 and $25,890 in 1937 as executive salaries and legal fees.

Working Capital

	1938 $	1937 $
Current assets	603,148	850,407
Current liabilities	111,621	259,770
Working capital	491,527	590,637

Wellington Bldg. Rentals Improve

Pays Interest Coupon No. 11, Due Jan. 5, 1934

London and Western Trust Co., receiver and manager of Wellington Building Corp., Toronto, reports total revenue of $80,955 for the year ended Aug. 31, 1938, as compared with $53,955 for the nine-month period ended Aug. 31, 1937.

The building has been operated by the London and Western Trust Co., following default of interest due July 5, 1930.

During the past three years the company has shown a steady increase in rentals, and over 90% of floor space is now occupied.

Interest coupon No. 11, due Jan. 5, 1934, on the 6½% first mortgage bonds was paid by the receiver on Sept. 26, 1938.

Report of the receiver states that competition for tenants from modernized buildings is keen, necessitating the installation of new equipment and services.

There are $425,000 of 6½% bonds outstanding.

Receipts and Disbursements

	12 Mos. ended Aug. 31 1938 $	9 Mos. ended Aug. 31 1937 $
Receipts:		
Rentals	80,270	
Tax rebates	670	
Sundry	15	
Total	80,955	53,955
Balance on hand	22,878	25,799
	103,833	79,754
Expenditures:		
Bond interest	17,597	17,324
Taxes	10,200	7,068
Legal & insur.	3,033	1,471
Wages	16,733	11,493
Maintenance	21,209	13,943
Receiver's fees	6,500	......
Other expenses	7,135	5,577
Balance at Aug. 31	21,426	22,878
	* 103,833	79,754

Fleury-Bissell Capital Reduction Is Confirmed

Fleury-Bissell Ltd. has advised the Toronto Stock Exchange that supplementary letters patent were received on Sept. 9, 1938, confirming the reduction of $41,887 in the company's capital. This followed action taken at the recent annual meeting by shareholders.

As a result 100 preferred shares of $100 par value each have been cancelled and the amount of consideration received for the issued no par value common shares is reduced from $128,563 to $96,676 by writing off deferred charges in the amount of $31,887 as shown on the company's books.

Chatham, Ont.—Ratepayers have approved a by-law for the financing of a hockey arena at an estimated cost of $85,000. The city is to contribute a sum not exceeding $50,000 to assist in financing the project, when permission is received from the Ontario Government.

NEW DIRECTORATE

Death of A. T. Enlow has made necessary changes in officers and directors of Lysaght Dominion Sheet Metal Corp., Hamilton. Shown above are A. W. Bennett (left) and J. J. Enlow, joint managing directors, with Mr. Bennett in charge of sales and Mr. Enlow responsible for plant operation. Other directors include: W. R. Lysaght, president, Newport, Eng.; W. S. Leslie, vice-president, Montreal. W. P. Tinsley is secretary and treasurer.

Market Opinions

Few stock market commentators this week attempt to go farther than to discuss the pros and cons of war and its effect on stocks. But there is a feeling in some quarters that it does not do to ignore the background on which profits would normally depend.

Brookmire Bulletins, New York—"The failure of the stock market to rally more vigorously when news from abroad improved, and its renewed weakness when the war clouds again thickened, indicated that the normal expectancy of a full-sized corrective reaction for the June-August rise is likely to be fulfilled. On the other hand, while the rate of gain in business has recently slackened somewhat, the broad underlying trend remains one of longer-term economic, and hence stock market, recovery. It therefore remains advisable to maintain present invested position but continue withholding accumulated new cash for investment."

Magazine of Wall Street, New York—"But beyond these sensible safeguards it would be folly to liquidate sound securities in panic fear. True, the situation looks very black. Either outbreak of war or increasing fear of it may produce further sharp market reaction. It might not only check our economic recovery but give us a temporary business setback, possibly a severe setback. Nevertheless there is no valid reason for liquidating sound securities beyond the reasonable cash requirements of the individual unless it must be assumed that there will not only be a general war but that such war will produce another genuine depression in the United States and another genuine bear market. We do not accept the latter assumptions. There may be war and the initial temporary shock may be severe—but it will not create another depression here and it will not usher in another bear market."

* * *

Barron's (The Trader) New York—"Disposition of bankers, brokers, professionals and the public was to regard the progress of European events as the sole explanation of day-to-day changes in the stock market. If that is the exact case then the response to the mid-week favorable dispatches was far from buoyant. Stocks, bonds, and commodities were somewhat under the levels prevailing before the European situation became grave. At the same time, the London market—which would be a supposedly more sensitive war barometer—failed to recover in anything like the degree of the New York market.

"While it is only natural for the gravest European menace since 1914 to overshadow all of the news, surprisingly small consideration has been given to American trade prospects, which—war or no war—are bound in the long run to govern the course of equity prices. With autumn at hand, the indices of business activity fail to display the anticipated seasonal vigor."

* * * *

Journal of Commerce, New York—"The repeated sinking spells precipitated by current European war scares tend to confirm the view that the actual outbreak of war would bring a temporary wave of selling here that would doubtless be swelled by foreign liquidation, since most if not all other stock exchanges would be closed and the American market would be the only one where securities could be turned readily into cash.

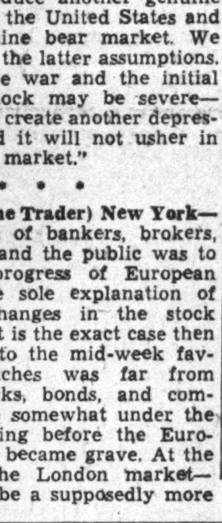
"If a major war should break out in Europe, there is good reason to expect that the main sequence of events here would resemble, in broad outline, that which followed the beginning of the European war in July, 1914. There would be an initial period of disturbance and readjustment, followed by an era of rising commodity prices and expanding business activity in this country. For a number of reasons, however, the period of readjustment should be of much shorter duration and far less severe than it was during the closing months of 1914 and the early part of the following year."

* * *

The Annalist, New York — "In attempting to appraise the vulnerability of our stock market to war liquidation it is worth keeping in mind, however, that stocks are already at a relatively low level, that business is gradually recovering and that the domestic political situation is tending to improve. It is evident that unless the current business improvement is to be reversed a further decline in stock prices as a result of unrest abroad would depress stocks to low levels indeed relative to normal earning power. The stock market was generally regarded as well sold out last June and a return to that level while business is still improving could apparently be justified only on the basis of a conflict of major proportions."

Toronto Exchange Loses Vice-President Doherty

Manning W. Doherty, vice-president of the Toronto Stock Exchange and senior partner of the Toronto stock exchange firm of Doherty, Roadhouse & Co., died in Toronto, on September 26. Mr. Doherty had served the Exchange on committees and as an official for some time. He also attained prominence in the political field and was minister of agriculture in the Farmers Government, formed in Ontario in 1919.



M. W. DOHERTY

Hamilton, Ont.—Ranking next to Toronto in Ontario as a manufacturing centre, Hamilton's 488 manufacturing organizations turned out goods to a gross value of $130.6 millions in 1936, according to a revised federal report. Approximately 28,625 employees drew $32.3 millions in salaries and wages.

Investment Notes

S.E.C. reports of security dealing officers, directors and the principal stockholders in July show the following of Canadian interest:

Distillers Corp.-Seagram—Brintcan Investment Ltd., as beneficial owner, holds 702-831 common and increased holdings of 5% cumulative preferred by 5,000 shares to 23,150. Allan Bronfman, officer and director, holds one common share directly and is indirect owner through Brintcan Investments, and holds 265,332 common, and 1,500 preferred as a trustee (proportionate interests are not shown). Bronfman family holds none directly as a beneficial owner, but is indirect owner through Brintcan Investments, and holds 265,332 common and 1,500 preferred, as a trustee. Samuel Bronfman, officer and director, owns one common share directly, and is indirect owner through Brintcan Investment, and holds 265,332 common and 1,500 preferred, as a trustee.

Granby Consolidated—A. S. Baillie, officer, increased holdings 100 shares to 1,000.

International Paper and Power—H. A. Colgate, director, holds 460 common, 500 $5 preferred and 90 warrants for common directly; through a partnership bought and sold 50 common, holding none and holds 100 $5 preferred.

Nordon Corporation—C. J. Thorson director, acquired 2,000 common in August, 1937, and decreased by 1,000 in September, and 1,000 in January, 1938, leaving none.

Fanny Farmer Candy—H. R. Bain officer and director, held 1,000 shares on becoming a director in June, 1938.

Significant Investors' Index Numbers

1926 = 100

No. of Securities	Mach. and equip. 8	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg. mater. 15	Power and traction 15	Banks 8	Total utilities 19	Total co's 95
1929-37:*												
High	432.5	113.4	273.4	423.5	113.5	197.8	204.6	281.1	197.6	131.7	166.0	198.3
Low	39.2	3.0	37.7	87.7	30.8	78.8	33.8	44.3	47.1	63.1	36.9	43.3
1938:												
Jan.	109.6	18.9	87.2	194.9	64.3	158.7	116.1	138.4	64.4	84.3	48.7	107.7
Feb.	109.3	17.5	88.9	195.2	64.8	159.9	115.0	131.4	63.1	81.8	46.8	107.1
Mar.	100.7	14.6	76.5	181.2	60.3	152.0	101.3	116.0	58.2	80.5	43.1	99.2
Apr.	103.2	15.4	75.6	172.0	55.0	151.5	106.0	119.4	59.7	80.4	43.7	97.9
May	107.2	15.7	85.8	177.2	54.5	153.6	107.5	122.5	61.0	80.9	44.5	99.7
June	111.8	18.6	84.8	170.0	54.1	156.2	109.2	129.8	61.2	81.0	45.1	100.0
July	129.2	23.1	88.6	177.6	59.4	167.9	120.5	142.6	66.4	84.9	48.6	106.9
Aug.	130.1	21.0	88.3	176.7	59.0	168.5	122.1	139.3	64.3	85.0	47.1	105.2
Weekly Figures, 1938:												
Sept. 1	128.5	19.5	86.3	175.0	58.3	167.8	120.2	132.9	62.4	85.1	45.8	103.1
Sept. 8	132.2	20.0	83.6	175.6	58.5	166.9	120.5	133.0	62.0	85.7	45.7	104.2
Sept. 15	119.2	16.7	78.6	165.3	55.4	164.0	109.8	119.5	57.7	84.8	42.7	98.0
Sept. 22	119.4	16.6	78.1	165.3	53.3	162.0	109.3	119.1	58.2	83.4	42.9	98.6

*High and low for years from 1929 to 1937 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	10 B.M.	15 W.O.
Sept. 27	101.53	102.91	77.81	25.95
Sept. 26	102.15	104.83	78.54	25.90
Sept. 24	105.48	108.35	81.12	26.24
Sept. 23	106.24	107.87	82.08	26.83
Sept. 22	110.05	112.57	84.53	28.44
Sept. 21	112.24	114.72	86.65	29.12
Month ago	121.58	124.71	92.47	33.67
Year ago	138.46	110.18	83.15	32.20
High, 1938	128.85	127.19	97.95	50.85
Low, 1938	97.66	101.86	64.47	25.77

Montreal Stock Exchange Averages

	10 Util.	20 Indus.	30 Comb'd	15 Golds
Sept. 27	57.6	66.0	63.2	110.63
Sept. 26	58.2	66.0	63.4	107.85
Sept. 24	59.5	69.6	66.2	110.84
Sept. 23	60.2	69.7	66.7	114.04
Sept. 22	61.7	73.5	69.6	119.72
Sept. 21	62.6	75.7	71.4	120.80
Month ago	65.6	80.1	75.2	125.77
Year ago	74.0	85.2	81.5	107.23
High, 1938	69.3	88.2	81.4	130.77
Low, 1938	57.6	61.1	60.5	102.06

Western Savings Assets Show Increase at June 30

Assets of The Western Savings and Loan Association at June 30, 1938, totalled $1.7, as compared with $1.5 at Dec. 31, 1937. Government bonds and other securities increased to $1.1 from $839,875; cash increased to $85,003 from $80,678; certificate loans increased to $48,475 from $38,742; first mortgages decreased to $408,282 from $428,365. Real estate was shown in the balance sheet at $1, as well as furniture and fixtures.

Liability to certificate holders, together with accrued interest amounted $1.3 million, at June 30. Capital, surplus and reserves totalled $332,757.

Assets in both periods showed coverage of certificate liability of approximately 125%.

Postal Tel. Plan Offered

Lehman Committee Would Split Properties in Two

The Lehman protective committee, representing about $25 millions of the bonds and debentures of Postal Telegraph and Cable Corp. has submitted a plan of reorganization to the federal district court for the southern district of New York.

Plan provides for a cash payment of $40 for every $1,000 of bonds, with an additional provision for a further payment up to $10 per $1,000, depending upon the earnings of Postal Cable and Radio for 1938. A further indeterminate amount of cash may be paid to Postal bondholders if combined cash of Postal Cable & Radio system at March 31, 1939, exceeds $1 million.

Nothing for Stockholders

Preferred and common shareholders of Postal Telegraph & Cable Corp. are not to receive anything under the plan. It is expected that the approval of the I. T. & T. to the Lehman plan will be submitted at the hearing on Oct. 24.

Chief feature of the plan is the splitting of Postal Telegraph's present activities into two separate divisions to be run by independent companies.

Postal Telegraph System Inc. would be incorporated to take over the present land line system of Postal. Outstanding capitalization of Postal Telegraph System is to consist of $15.2 millions of 4% non-cumulative preferred stock, and 1,013,403 common shares. This is to be issued to holders of the present Postal 5% collateral trust bonds in the ratio of $300 par value of preferred and 20 shares of common for each $1,000 of bonds and debentures stock held.

New Cable & Radio Corp. would be incorporated as the other chief division of the present Postal properties. It would take over all the stock of Commercial Mackay Corp. and All America Sara Corp. Commercial Mackay Corp. would acquire Postal's cable and radio facilities. All America Sara Corp. would acquire All America Cables, Inc., and Sociedad Anonima Radio Argentina. Of these, All America Cables and "Sara" are present subsidiaries of International Telephone & Telegraph as a result of which I. T. & T. would receive thirteen-seventeenths of the new debentures with Postal bondholders receiving the remaining four-seventeenths.

I. T. & T.'s Interest

I. T. & T. would control New Cable & Radio. This company would only issue common stock of which two-thirds would go to I. T. & T. and the remaining third to Postal bondholders. Of the 3,040,210 common shares, 1,013,403 shares would go to Postal bondholders being equivalent to 20 shares per $1,000 of bonds.

All America Sara Corp., which is to become a subsidiary of New Cable & Radio under this plan, would issue $3,293,561 of 4% cumulative income series A debentures to I. T. & T. and $1,013,403 of series B 4% cumulative income debentures to Postal bondholders in the ratio of $20 for each $1,000 principal amount of Postal bonds.

Commercial Mackay Corp. will issue $8,107,228 of 4% cumulative income debentures to Postal bondholders in the ratio of $160 principal amount for each $1,000 of Postal bonds or debenture stock. All the common stock of the new corporation will be owned by a holding company.

Summary of Distribution

Under the proposed plan Postal Telegraph bondholders would get for each $1,000 bond or debentures the following:

(1) A cash payment of at least $40 with the possibility of further payments depending on Postal's 1938 earnings and its cash at March 31, 1939.

(2) $300 principal amount of 4% non-cumulative preferred and 20 common shares of Postal Telegraph System Inc.

(3) $20 principal amount of series B 4% cumulative income debentures of All America Sara Corp.

(4) 20 common shares of New Cable & Radio Corp.

(5) $160 principal amount of 4% cumulative income debentures of Commercial Mackay Corp.

Seal-O-Sac Gets Additional Contracts

Additional business obtained from Imperial Tobacco Company by Seal-O-Sac (Canada) Limited as well as contract with another Canadian tobacco company should be of benefit to the earnings of Seal-O-Sac. It is reported that a small profit is now being made and manufacturing difficulties have been straightened out.

The Canadian company will control 51% of the stock of North American Containers Inc., formed as a sales company in the United States. It is understood that rights will later be issued to Seal-O-Sac. shareholders to subscribe for the unissued portion of stock in North American Containers. Progress made in expanding sales of the company's products in the United States is believed to have been unsatisfactory so far.

Aylmer Debt Plan Placed in Operation

From Our Own Correspondent

MONTREAL.—The Quebec Official Gazette carries the notice that the agreement entered into between the Corporation of the Town of Aylmer and its creditors has been ratified and is now effective.

Bondholders who are not aware of the arrangement can secure particulars of the exchange on application to the Quebec Municipal Commission.

Brazilian Earnings Show Decrease During August

Net earnings of Brazilian Traction, Light & Power Co. for August amounted to $1,748,716, as compared with $1,986,328 in August, 1937, a decrease of $237,612, or 11.96%. This decrease is more than accounted for by the decline in the exchange rate.

Net earnings for the first eight months ended Aug. 31, 1938, amounted to $13,275,361, as compared with $14,174,731, a decrease of $899,370, or 6.34%.

Canadian Government, Municipal, Public Utility and Industrial Bonds

Enquiries invited.

Wood, Gundy & Company Limited

Toronto Montreal London, Eng. Ottawa Hamilton Winnipeg Vancouver London, Ont.

Imperial Tobacco Co. Holds to Price Policy

From Our Own Correspondent

MONTREAL.—Resale price maintenance policy of Imperial Tobacco Co. of Canada is in the best interest of the public as a whole, Gray Miller, the company's president, contends in reply to the recent report by the Commissioner of the Combines Investigation Act. Existence of an unlawful price combine in Canada's tobacco industry was alleged in the report, which deals particularly with Imperial's resale price policy.

Mr. Miller's statement follows:

"Resale price maintenance is not a policy adopted by the Imperial Tobacco Company alone but by nearly all manufacturers of cigarettes and tobacco in Canada and is practised by many industries in Great Britain as well as by many other businesses in Canada.

Basis of Adoption

"The policy in question was adopted in the sincere belief that it would be not only in the interest of wholesalers and retailers by assuring them of a fair margin of profit, but also in the best interest of the public as a whole, including Canadian tobacco farmers. This policy is well known to everybody in the tobacco business, and has met with general approval.

"The practical benefits to the Canadian economy under this policy is in our opinion far greater than could possibly accrue under a laissez-faire system of distribution.

"Prices of cigarettes and tobacco to consumers in Canada have not been increased as is evident from the fact that today's prices are not more and in many cases are less than prices prevailing prior to the war, notwithstanding substantial increases in taxes and duties.

"From the first we have welcomed the investigation conducted by Mr. McGregor and lent him every assistance, and I believe that any contravention of the Combines Act that may have taken place is merely technical. It remains to be seen whether or not we have really erred in our interpretation of this very complex act.

No Real Detriment

"We believe that the Combines Act was designed to prohibit any arrangement between manufacturers, producers or distributors which might result in real detriment to the public, and that such legislation is essential to afford the public requisite safeguards. For this reason we are in entire sympathy with the present enquiry, but we believe that the word 'public' should not be construed in the narrow sense of any particular group. Consequently, in determining whether or not an arrangement has operated to the detriment of the public, full consideration should be given to the advantages gained by one group against the alleged disadvantage to any other group.

Seek Better Understanding

"In conclusion, we welcome this enquiry which really rests upon an intricate economic question on which there is great divergence of opinion, and we trust that the result may bring about a better understanding of the practical benefits to be derived from reasonably regulated merchandising practices."

It may be that after further study and possible consultation with the author of the report, a supplementary statement will be issued.

Ratner Loses Case

From Our Own Correspondent

MONTREAL. — Chief Justice Greenshields in Superior Court dismissed the action of Max Ratner for damages of $10,000 against Imperial Tobacco Company of Canada, Limited, and Imperial Tobacco Sales Company of Canada, Limited, a subsidiary. The crux of the plaintiff's suit, said His Lordship, was that the tobacco companies had fostered a jobbers' association for the purpose of controlling the industry for the companies' own benefit, preventing fair competition, increasing or maintaining prices and creating a monopoly.

The Chief Justice found that the plaintiff's claim was grossly exaggerated, was dishonest and was unfounded in law and fact. He did not find it necessary to decide whether the defendants violated any provincial or federal statute.

Bay-St. Albans May Reorganize

Interest Rate Would be Cut to 4% and Default Waived

Holders of the $196,000 of 6½% first mortgage sinking fund bonds of Bay-St. Albans, Ltd., will be asked to approve a plan of reorganization at a meeting on Oct. 31, at the office of the trustee, Chartered Trust & Executor Co., Toronto. The company owns a garage building in Toronto.

By the plan interest rate on the bonds would be reduced to 4% from 6½%, and maturity would be extended to Nov. 1, 1953, from Nov. 1, 1948. New bonds would be redeemable after Nov. 1, 1948.

All default of interest and sinking fund would be waived and the following sinking fund provisions would be substituted: Payment to trustee of $4,000 at Nov. 1, 1938, or in lieu, delivery of equivalent in bonds for cancellation, with interest coupons; payment on May 1, 1939, and half-yearly until retirement of $2,000 of bonds plus interest at 4%.

It is also proposed to grant a new lease to National Motors Ltd., starting May 1, 1938 to Nov. 1, 1953, at a monthly rental of $940, in addition to taxes on the premises.

An arrangement completed in 1932 whereby bondholders agreed to reduce interest to 5% expired May 1, 1938.

U. S. Whiskey Sales Decline for 7 Months

Total sales of all whisky, domestic and imported, in the United States for the first seven months of 1938 were down 8.86% from the level for the corresponding period of 1937. These figures are taken from statistics released in 14 states where monopolies in the sale of liquor are held by the state authorities.

Analysis of the total whisky sales indicate that July apparently was a poor month aside from the fact that the month normally is unseasonal for whisky. For the first six months of this year sales were down 6.5% but the July figures brought the decrease to 8.86% for seven months.

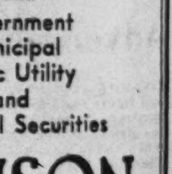
Power Corp. of Canada Directors Are Re-elected

From Our Own Correspondent

MONTREAL.—Report for the fiscal year ended June 30, 1938, was approved and directors were re-elected at the annual meeting of Power Corp. of Canada.

The board of directors is composed of the following: A. J. Nesbitt, P. A. Thompson, James B. Woodyatt, John Irwin, R. Moodie, J. Alderic Raymond and J. M. Robertson.

Clues to a Columbus Day Discovery



PURSUE a sniff of salt air to a strip of sun-bleached sand. Where you hear the purr of the sea cross the trail of friendly voices—turn in. You'll detect the aroma of flavorsome food. Don't be surprised . . . it's the Seaside Hotel. Save your surprise for the low Columbus Day rates—come for the 5 days, October 8 to 12.

Harrison Cook, Res. Mgr.

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(Established 1894)

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OR PARK AVENUE

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FACTORY BUILDING, FOR SALE, 45 by 145 feet. This plant of brick construction is so built that second story can be added, it is ideally located, and suited for small woodworking plant, metal stampings, footwear or any type of light manufacturing. Enquiries solicited. G. J. Jenkins, Coldwater, Ont.

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AMBITIOUS, CAPABLE YOUNG MAN seeks position. Eight years with one company. Experienced in purchase, sales and stock records and control, inventories, payrolls, costs and internal auditing. Considers the opportunity for increased knowledge and experience of more importance than the initial position. Excellent character, education, references. Box 62, The Financial Post, Toronto, Ont.

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Executive Available

EXPORT MANAGER — SEVENTEEN years experience Foreign Trade in Canada, West Indies, Philippine Islands, Japan and China. Thorough knowledge manufacturing, all phases export merchandising. Capable organizing department, developing new territories. Excellent references. Box 66, The Financial Post, Dominion Square Bldg., Montreal.

Bond Markets

High-Grade Bonds Hit New Lows for Year

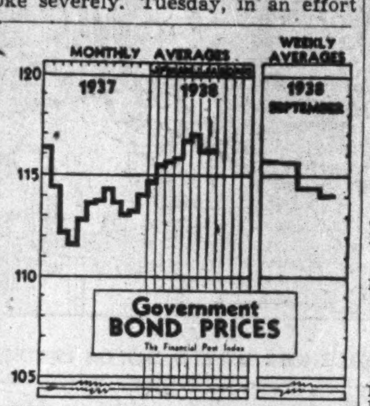
Canadian Markets Do Not Decline as Severely as London Where Prices of Gilt-edged Securities Are Pegged to Avert Further Decline

In a week in which war fears drove security prices to new low levels Canadian high-grade bond prices fared substantially better than the obligations of the majority of nations.

Volume of transactions was very small. A revival of interest in securities will have to await the lifting of the oppressive threats of war.

Any attraction that the present higher yield on high-grade securities might have is overlooked in the possible high yields that war-time security issues might give. There is, however, little evidence of liquidation in preparation for such a contingency.

In an atmosphere strongly reminiscent of the few fateful weeks before the Great War, London markets broke severely. Tuesday, in an effort to prevent the security slide of Monday from developing into a landslide the prices of gilt-edged securities were pegged.



Minimum price for Consols 2½% will be £66; Consols 4%, £101; Conversion 5%, £105; National defence 2½%, £93; War Loan, £93, and local loans, £79.

Business in European bonds in the London market has been practically negligible and there has been a disinclination to trade in these securities. Dealers' apprehension that the economic structure of European countries would go crashing with another conflict seems a reasonable presumption. Swiss and Dutch exchanges were the least affected of European markets.

A somewhat better tone was shown by corporation issues in the middle of the week, after the severe slump of the early week. The more speculative issues moved in sympathy with stocks.

* * *

Australian Loan Council

From time to time the question has arisen of organizing a central body to co-ordinate and regulate public borrowing of the various governmental agencies in the Dominion of Canada.

It is problematical just what effect this move would have had, had it occurred in the early twenties, when the funded debt of governments was leaping ahead. But it is quite possible that a better rate on money, lower debts and taxes, and a check on the overexpansion of municipal facilities might have resulted. It is also possible that the benefits of refunding might have been extended at the more favorable rates now in existence.

Australia, with a form of government similar to Canada, has taken steps for a central control of public debts.

In order that borrowings of its seven states and federal system receive uniform treatment and its credit standing remain unimpaired, a loan council was formed in 1923 by the Australian governments. The council now virtually regulates the pace of Australian capital development and controls most government borrowing at home and abroad.

The borrowing programme which each government is required to submit includes any amount needed for deficits. It excludes loans for defense, which is the responsibility of the Commonwealth Government, and for the conversion, renewal or redemption of debt, which may be carried out only by the Commonwealth Government.

Private capital issues are outside the jurisdiction of the body, but local government and semi-autonomous governments must submit details of proposed loans for approval.

This picture contrasts with the Canadian scene, where municipal, provincial and federal financing are carried on independently. Interest rates and amounts of public borrowing are left to the discretion of the issuer with a minimum of co-operation.

* * *

Alberta Guarantees

The Privy Council is to decide whether Alberta has the right arbitrarily to reduce interest on bonds guaranteed by the province.

To date, the courts have consistently ruled against the Alberta Government, but it has been granted leave to appeal to the Privy Council the test case resulting from the action of the Independent Order of Foresters against the Lethbridge Northern Irrigation District. The Foresters in the action sought enforcement of payment of full interest due on $181,000 of Lethbridge Northern Irrigation District bonds held by it.

The Alberta Appeal Court in its decision held the Provincially Guaranteed Securities Act, which authorized halving of interest on securities guaranteed by the Alberta Government, to be invalid. The Provincially Guaranteed Securities Proceedings Act was also held to be invalid. The latter required consent of the lieutenant - governor - in - council for actions to be instituted by holders of bonds for enforcing collection of full interest on provincially guaranteed securities.

* * *

Bond Index

The Financial Post index of Government bond prices reached a low for the year this week. The downward movement has been in progress for the past weeks, interrupted only by spasmodic periods of optimism. The low price of the current year, however, is still fractionally above the low of 1937.

Average Price and Yield for Seven High-Grade Government Bonds

1938	Price $	Yield %	1938	Price $	Yield %
Sept. 27	111.86	3.389	Sept. 27	113.46	3.300
Sept. 26	112.50	3.309	Sept. 25	113.54	3.287
Sept. 24	114.68	3.039	Sept. 24	113.54	3.287
Sept. 23	114.89	3.013	Sept. 23	113.72	3.269
Sept. 22	115.00	3.004	Sept. 22	113.72	3.269
Sept. 21	115.21	2.974	Sept. 21	113.72	3.269
Year's	117.21	2.783	Year's	116.81	3.026
Range	111.86	3.389	Range	111.60	3.505

MacKinnon's Profits Higher

Earnings Are Best Reported Since 1930-31 Fiscal Year

From Our Own Correspondent

MONTREAL. — MacKinnon Steel Corp. reports improved earnings in the year ended July 31, 1938, net profit being equivalent to $5.16 a share on the preferred stock. This compared with $3.82 a share on the preferred in the year ended July 31, 1937.

Profits in 1937-38 were the highest reported since the year ended July 31, 1931, when $5.87 a share was earned on the preferred.

The expansion in earnings and improvement in balance sheet position reflect the additional volume of business secured. At July 31 last there was a substantial backlog of orders on hand.

The balance sheet shows improvement in working capital, current assets exceeding current liabilities by $243,460. This compares with working capital of $233,792 a year ago.

Income and Surplus Account Year Ended July 31

	1938	1937
Oper. profit	$45,789	$36,151
Misc. revenue	4,245	4,956
	50,034	41,107
Less: Depreciation	10,000	10,000
Directors' fees	1,125	1,000
Exec. salaries	8,380	8,380
Int. on loans	770	279
Legal fees	50	......
Income taxes	5,199	3,289
Net profit	24,510	18,159
Less: Pref. divds.	24,938	......
Surp. for year	*428	18,159
Add: Prev. surplus	6,533	*11,625
Surplus forward	6,105	6,533

*Loss or deficit.

Working Capital

	1938	1937
Current assets	$273,533	$303,873
Current liabilities	30,073	70,081
Working capital	243,460	233,792

C.N.R. Reports Better Results

Net Income in August Shows First Increase Since July Last Year

From Our Own Correspondent

MONTREAL.—With the decline in operating revenues more than offset by a reduction in operating expenses, net revenue of the Canadian National Railways in August showed an increase over the same month last year. This is the first increase in net revenue reported since July last year.

Operating revenue for the month was $934,032 below August last year and expenses were $1,035,750 lower. As a result net revenue shows an increase of $101,718 to $660,248.

For the eight months ended August 31 the C. N. R. reports a net revenue deficit of $5,116,693, compared with a net revenue surplus of $8,185,377 in the same period last year. The decline of $13.3 millions is due not only to lower gross revenues, but also to higher labor costs.

Month of August	1938 $	1937 $
Oper. revenues	15,551,529	16,485,561
Oper. expenses	14,891,281	15,927,031
Net revenue	660,248	558,530
Eight Months Ended Aug. 31		
Oper. revenues	112,487,805	128,144,860
Oper. expenses	117,604,498	119,959,483
Net rev. deficit	5,116,693	†8,185,377

† Surplus.

Goulds Pumps Redeems Bonds for Sinking Fund

Goulds Pumps, Inc., Seneca Falls, N.Y., is redeeming $37,500 principal amount of 6% first mortgage sinking fund bonds, due April 1, 1942, on Oct. 1, 1938, at 101½ with accrued interest. Payment will be made at the City Bank Farmers Trust Company, New York, successor paying agents.

At the end of 1937 the company had $295,500 of these bonds outstanding and in addition held $4,000 in its treasury.

Second Standard Pays Preferred Dividend of 1%

A dividend of 1% has been declared on the $1 par value preferred stock of Second Standard Royalties Limited. Payment will be made on Nov. 1, 1938, to shareholders on record October 15.

This stock is entitled to 12% per annum cumulative dividend and the latest payment is the second to be made this year. After the November 1 payment, arrears will amount to 76 cents a share.

Bond Sales

Oak Bay, B.C.

A. E. Ames & Co. has purchased $5,500 of 4½% debentures of Oak Bay, B.C., at 103.28, on a cost basis to the district of 4.09%. The debentures will mature June 30, 1948.

Sisters of Providence

A new $150,000 issue of 4% serial bonds, of Sisters of Providence, Montreal, is being offered by Paul Gonthier & Co., Montreal. The bonds are dated Oct. 1, 1938, and mature Oct., 1939-58. The funds will be used for school construction and obligations in connection with Saint-Eusebe de Joliette Hospital.

Bond Tenders

6 p.m., Oct. 3, Saint-Hyacinthe—$248,000, 3½%, dated Nov. 1, 1937 and Feb. 1, 1938, redeemable serially in 30 years. M. A. David, clerk.

4 p.m., Oct. 4, La Tuque, P.Q. — $18,000, 4½%, dated Aug. 1, 1938, due serially from Aug. 1, 1939 to Aug. 1, 1948; $13,500, 4½%, dated Oct. 1, 1938, due serially from Oct. 1, 1939 to Oct. 1, 1943. P. E. Riberdy, sec.-treas.

5 p.m., Sept. 30, Sch. Corp. of St. Jean Vianney, Gatineau, P.Q. — $30,000, dated Oct. 1, 1938, redeemable serially from Oct. 1, 1939 to Oct. 1, 1953; $10,000 at 3½%, and $20,000 at 4%. J. D. Bigue, sec.-treas. of Gatineau, County of Papineau.

7 p.m., Oct. 3, Port Alfred, P.Q.—$103,500, redeemable in ten years as follows: $71,500, 4%, dated Nov. 1, 1938, redeemable serially from Nov. 1, 1939 to Nov. 1, 1948; $32,000, 4%, dated Oct. 1, 1938, redeemable serially from Oct. 1, 1939 to Oct. 1, 1948. Rosaire Croft, sec.-treas.

5 p.m., Oct. 4, St. Thomas—$51,000 debentures. W. C. Miller, city engineer and treas.

Noon, Sept. 29, Canada Treasury Bills—$25,000,000, dated Sept. 30, maturing Dec. 30, 1938.

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
Ottawa L. H., A	5%	1957	Oct. 1	103
McColl-Fron., A	6%	1949	Oct. 1	103
Prov. Paper, A	†5½%	1952	Nov. 1	100½
P. L. Robertson Mfg.	7%	1942	Oct. 15	105
Wood, A. & J.	*5%	1944	Oct. 11	103
Gould Pumps, A	‡6%	1942	Oct. 1	101½

For sinking fund purposes: †$449,500. *$24,000. ‡$37,500.

Admiralty Plan Helpful If True

(Continued from page 1)

developing into one of the world's great oil fields, the present potential production of Alberta wells is not thought great enough to be of much immediate interest to the British Admiralty. Because of the mountains a pipe line to the Pacific would have to cross, its cost has been very roughly estimated at a $15 millions minimum.

Mexico Holdings Confiscated

Even with this oil at tidewater on the north Pacific ocean, it is pointed out that it would still be poorly located for British navy needs. The Atlantic, the south Pacific and the Mediterranean—all of which are much nearer rich oil fields with reserves proved for many years to come—are the ordinary sites of British navy operations.

Should oil be needed on the north Pacific, the great California oil fields and their crude now delivered by pipe line at tidewater would in almost all conceivable international situations be available for British navy uses.

On the other hand, important oil holdings of British interests in Mexico have been confiscated and hope for their early recovery does not appear very bright.

Turner Valley crude is very high quality, hence hardly suitable for navy use if very desirable for airplane and motor car fuel. The low quality Diesel type crude is so far produced in Alberta only in relatively small amount at the Imperial Oil's Fort Norman field.

Rumor Supported

The reported plan of the Admiralty, however, is very encouraging for the Alberta oil outlook. For it points directly to the development in Alberta of a major world oil field.

Lending weight to the rumor is the fact that the British Admiralty is itself one of the world's great oil operators. It is understood to have a majority interest in the great Anglo-Iranian (Anglo-Persian) Co. which has vast producing areas in many parts of the world and vast proved oil reserves in fields it is holding for exploitation as needed. Hence the fact that Alberta crude is not suited to navy fuel needs is of minor import since Anglo-Iranian is equally interested in other commercial petroleum products.

With one exception practically every major oil interest in the world has at some time or another looked into the Alberta oil picture. Imperial Oil of Canada owns the rich Royalite property. And Imperial Oil is itself controlled by Standard Oil of New Jersey. Standard Oil of California is understood to have studied the Alberta situation and at present is understood to have a seismograph crew of over 60 engineers investigating an Alberta structure.

The exception seems to be Shell Oil. So far as this writer has been able to find out, Shell has never gone to Alberta. And Shell, under its brilliant Dutch head, Sir Henry Detterding, is one of the most alert of the big companies in plunging into oil fields anywhere in the world.

In the past, Anglo-Iranian and Shell have frequently played hand in hand in the big business of acquiring oil fields. Is it possible that the pipe-line report points to an Admiralty-Anglo-Iranian-Shell interest in Alberta?

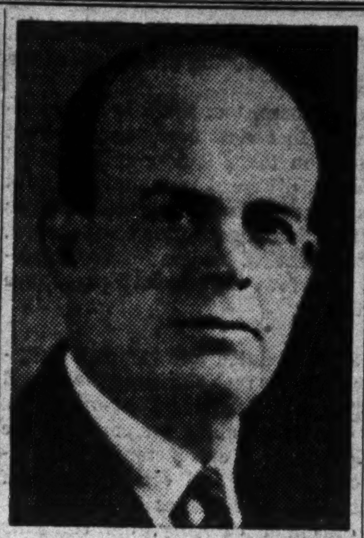
From the facts that geologists have brought out and the information Turner Valley has supplied, it would be surprising if more attention from the big fellows were not soon forthcoming.

Consolidated Paper Corp. Dissolves Subsidiaries

From Our Own Correspondent

MONTREAL.—Consolidated Paper Corp. has surrendered the Quebec charters for Canada Power & Paper Corp.; Anticosti Corp.; Belgo-Canadian Paper Co., and Port Alfred Pulp & Paper Corp. According to the notice appearing in the Quebec Gazette these companies were dissolved on Sept. 17, 1938.

The four companies all are subsidiaries of Consolidated Paper and control was acquired at the time of the reorganization of the old Canada Power & Paper Corp.



ELECTED DIRECTOR

John R. Read, vice-president of Canadian Westinghouse Co., who has been elected a director of the company. Mr. Read has been vice-president since 1936, following a period as district manager of the company's Vancouver office.

Bowater Paper Open U. S. Office

Look to States as Principal Market for Corner Brook Output

From Our Own Correspondent

MONTREAL.—Bowater Paper Co. of New York, subsidiary of Bowater's Newfoundland Pulp & Paper Mills Ltd., has opened sales offices in New York for the sale of Corner Brook newsprint.

This paper is now manufactured by Bowater's Newfoundland, which took over control of the property on August 15, from Canadian International Paper Co. The mill has an annual capacity of 190,000 tons and is part of the Bowater newsprint interests of England, said to be the largest manufacturers in the world, producing in their various mills over 800,000 tons per annum.

August B. Meyer, president of the sales company, states that the Corner Brook paper will be marketed principally in the United States. Formerly all paper from the mill was shipped from Corner Brook, but since the recent developments at the ice-free port at Port aux Basques on the southeast coast of Newfoundland, water shipments will now be made all the year round. The Newfoundland company owns ships which carry most of its output.

Production Tax Is Ultra Vires

Supreme Court of Alberta Rules Against 7% Impost

From Our Own Correspondent

EDMONTON.—The Social Credit Government's production tax has been unanimously ruled ultra vires the provincial legislature by the appellate division of the Supreme Court of Alberta.

The tax was provided in a statute entitled the Agricultural Land Relief Act, by which all farm products would be taxed 7%. By this act taxes on land by municipalities would ultimately have been abolished. Services of the municipalities would then have been financed by grants from the provincial Government out of the production tax returns.

The ruling was based on the view that the production tax was an invasion of the federal field of indirect taxation. The act had provided for a court reference before it was put into operation. It had aroused considerable opposition in Alberta, and was regarded as an important factor in the poor showing of the Social Credit party in Saskatchewan last June.

No comment was available from the Aberhart cabinet immediately, but the Government was represented as satisfied with the judgment, since the production had backfired in its political effect.

Russell Industries Shows Varied Conditions

Russell Industries Ltd. has maintained dividend payments at the rate of $6 per share annually on its common with the declaration of its third $1.50 payment. The latest dividend was paid Sept. 30, 1938, to shareholders on record September 15.

Operations of the Canada Cycle and Motor Company, subsidiary of Russell Industries, during the first half of the current year have been slightly in advance of the corresponding period a year ago, it is understood. The other operating subsidiary, Acme Screw & Gear, has not handled quite as heavy a volume of business as a year ago. At present, two shifts are operating steadily manufacturing parts for 1939 automobiles.

Saint-Colomb de Sillery Offering $96,000 of Bonds

From Our Own Correspondent

MONTREAL.—Dube, Leblond & Co., Quebec investment firm, is offering a $96,000 issue of bonds of Saint-Colomb de Sillery, suburban municipality adjoining Quebec City.

The bonds are dated June 1, 1938, and mature serially 1939 to 1958. The 1939 to 1949 maturities are offered at 101 and the 1950 to 1958 maturities at 100.

The municipality has a population of 3,000. Debt, including this issue, amounts to $585,531. Assessed valuation of property subject to taxation is $3,497,621. Property exempt from taxation is valued at $1,891,238.

Griffis, Norsworthy Option Dominion Explosive Stock

Option on stock of Dominion Explosive Products Ltd., held by H. R. Cory, has been given to Griffis, Norsworthy Ltd., according to an announcement from the Ontario Securities Commission. The option covers 50,000 shares at $8.75 a share, to be taken up by Feb. 28, 1939.

As previously reported in The Financial Post, Dominion Explosive Products plans to manufacture explosives under exclusive patents in a new plant to be constructed at Trenton, Ont.

Pulp and Paper Industry

Australia Bonuses Paper

Action Will Have No Immediate Effect on Canadian Mills' 7-Year Contract

From Our Own Correspondent

MONTREAL. — Cable dispatches from Canberra state the Australian Government has decided to assist the establishment of a newsprint industry. This project has been under way for several years, a company having been formed by newspaper proprietors known as the Australian Newsprint Mills Ltd., with a capital of more than £1 million.

The Australian Government proposes to grant a bounty with a maximum of £4 a ton, when imported newsprint costs £12, the bounty disappearing when the cost reaches £18 11s. 3d.

The bounty payable on the basis of the 1939 price of £16 6s. is £1 14s.

The tariff board recommended that the bounty should be provided from the additional duty, varying with the imported cost of Canadian newsprint, but the Minister of Customs announced that the additional duty would not be imposed unless the price fell below £15, when the duty would be 5s. rising to 7s 6d. when the price falls below £14, and 10s when the price falls below £13.

Bounty For Three Years

The bounty continues for three years from the commencement of production, after which the tariff board will investigate the need for continuance. Legislation authorizing the bounty will be introduced shortly.

The tariff board reported that the company had promised that as long as it received bounty it would sell to newspapers outside the company at the same price as to the shareholders.

The proposed Australian plant will be erected in Tasmania and, according to present plans will be brought into production in 1942. A mill site has been selected and an experimental batch of wood processed at the Powell River plant in British Columbia. The cost of Tasmania newsprint has so far been too high, but with the bonus, it is believed that the mill can be put on a paying basis.

The creation of a domestic source of newsprint for the Australian publishers will not have any material bearing upon the arrangement entered into between the Australian publishers and Canadian newsprint operators toward the end of 1937. At that time the Australian-New Zealand press collectively entered into an agreement with seven Canadian newsprint operators, providing that from January 1, 1938 to 1945, Canadian manufacturers would undertake to deliver up to 175,000 tons yearly at a cost based upon the New York price.

Partners to the agreement on the publishers' side include the Melbourne Herald group; the Associated Newspaper group; the Sydney Morning Herald group; Courier Mail, Brisbane; Daily Telegraph, Sydney; Advertiser, Adelaide, and a number of provincial papers.

On the manufacturers' side the list includes Mersey Paper Co., Consolidated Paper Corp., Canadian International Paper, Price Bros. and Co., St. Lawrence Paper Mills, Powell River Co. and Pacific Mills.

Pro Rata Paper Tonnage

At present the Australian and New Zealand publishers are consuming about 200,000 short tons of newsprint annually, of which Australia takes around 175,000 tons.

The tonnage is being prorated among seven producers on the basis of the amount of tonnage each operator shipped to the Australian-New Zealand market in the last five years.

Take at Least 75%

The Australian-New Zealand group has guaranteed to take at least 75% of requirements from Canadian mills. The Sydney and Melbourne Herald groups will require 140,000 short tons yearly and will use only Canadian newsprint, until such time as the Tasmanian mill comes into production. The latter groups have a financial interest in the proposed development.

Abitibi Gross Drops in Aug.

Reduction of $5 in Bleached Sulphite Price Effective From Aug. 10

Earnings of Abitibi Power & Paper Co., as reported by G. T. Clarkson, receiver and manager, for Aug., 1938, were $250,338, just about exactly half those for the same month a year ago. The figures are calculated before depreciation and bond interest.

Monthly earnings figures for the first eight months of this year as compared with a year ago follow:

	1938 $	1937 $	Decrease %
January	114,219	336,972	66.10
February	77,469	262,894	70.53
March	140,258	335,218	58.16
April	181,932	362,653	49.83
May	285,265	406,145	29.76
June	331,067	394,169	16.01
July	256,843	522,580	50.85
August	250,338	500,669	50.00
	1,637,391	3,121,300	47.54

Newsprint shipments for August were 24,545 tons against 22,960 tons in July of this year and 42,736 tons in Aug., 1937. Indicated shipments for September are placed at about 27,000 tons.

August shipments of sulphite pulp were 3,244 tons against 2,667 tons in July and 5,516 tons in Aug., 1937. Indicated shipments for September are 3,400 tons.

Finland Paper Sales Up in July

Seasonal Gain Shown — Pulp Exports Off Sharply from Year Ago

From Our Own Correspondent

MONTREAL.—Finland reports a seasonal increase in exports of newsprint paper. During July that country shipped 29,767 tons, compared with 26,295 tons in the previous month, and with 30,858 tons for July last year.

For the first seven months of 1938 newsprint shipments from Finland amounted to 190,324 tons. This contrasts with 220,073 tons for the same period in 1937 and with 191,226 tons for the first seven months of 1936.

The trend of pulp exports is not so favorable. For July, 14,778 tons of mechanical pulp were shipped out of the country, bringing the cumulative total for the year to date to 114,296 tons. This compares with 31,323 tons in July and 163,777 tons for the first seven months of 1937.

Sulphite cellulose shipments in July totalled 45,461 tons, bringing the cumulative total for the year to 367,120 tons. For the January-July period of 1937 exports totalled 464,537 tons, of which the July shipments contributed 68,699 tons.

Sulphate cellulose exports were 24,618 tons in July and 207,030 tons for the first seven months of this year. Returns for 1937 show exports of 31,349 tons in July and 197,619 tons up to that month.

No Quebec Bond Issue Planned at Present

MONTREAL.—Hon. Martin Fisher, provincial treasurer, has announced Quebec's $12 million maturity on Oct. 1 will be met out of treasury funds without an immediate refunding operation.

This probably means the province has made arrangements with the bank for funds as it is unlikely it has sufficient cash to spare to meet such a large maturity. In fact, treasury bills of $9.5 millions outstanding at the end of June indicate the treasury has not a surplus of cash.

Quebec has another maturity of $5 millions to meet on Nov. 1, but according to Mr. Fisher no decision has been made as regards a loan flotation. In any event, it is not likely an issue will be undertaken until the bond market shows greater strength than at present.

Revenues of the provinces are coming in satisfactorily, according to Mr. Fisher.

Rail Traffic

From Our Own Correspondent

MONTREAL.—A minor improvement in sales of pulp and paper products and the movement of pulpwood is indicated in the report of Canadian railways. Carloadings of pulpwood during the week ended Sept. 17 last totalled 1,206 compared with 1,266 in the same week a year ago.

For the year to date, 69,002 cars of pulpwood have been moved on the Canadian rails, as against 62,802 for the like period in 1937 and 46,580 in 1936.

Pulp and paper carloadings for the week of September 17 amounted to 1,738, compared with 2,551 for the week of Sept. 18, 1937.

Cumulative returns from pulp and paper carloadings for 1938 aggregate 62,415 cars. This contrasts with 97,272 cars in the like period of 1937 and 80,853 cars in 1936.

Carloadings of Pulpwood	
Week ended Sept. 17, 1938	1,206
Week ended Sept. 18, 1937	1,266
Year to Date	
1938	69,002
1937	62,802
1936	46,500
Pulp and Paper Carloadings	
Week ended Sept. 17, 1938	1,738
Week ended Sept. 18, 1937	2,551
Year to Date	
1938	62,415
1937	97,272
1936	80,853

Hearst Faces Receiver Suit

Receivership Is Sought — No Bearing on Newsprint Contracts

From Our Own Correspondent

MONTREAL.—Receivership suit has been filed in the Los Angeles Superior Court against William Randolph Hearst, the newspaper publisher. Two of his sons, George Hearst and William Randolph Hearst, Jr., and numerous other persons and corporations were named co-defendants.

The Hearst newspapers collectively form one of the most important buyers of Canadian newsprint paper. It is not anticipated the application for receivership will have any bearing upon these contracts which are purely an internal arrangement.

Asks for Receiver

The action was brought by Samuel Mann, stockholder in Hearst Consolidated Publications Inc. since 1931. In his brief, Mr. Mann asked appointment of a receiver for the company and an accounting and decision on allegedly fraudulent transactions in the handling of stock. He alleged that Hearst borrowed on many of his newspapers, magazines and other holdings to raise money for his own purposes prior to May 9, 1930.

It was asserted that proceedings left the Hearst corporation, under the general heading of Star Holding Corp., with approximately $45 millions in tangible assets and with $46 millions in liabilities, exclusive of capital stock.

Intangibles of $35 Millions

Mann asserted the intangible assets were shown on the books to be approximately $35 millions.

On May 9, the plaintiff alleged, Hearst decided to raise additional money through formation of the Hearst Consolidated Publications to which he assertedly assigned some of his stock to enable the concern to issue stock to the public.

Hearst was given $65 millions for this stock in the form of a promissory note for $45 millions together with 2 million shares of stock in the concern, the complaint said.

Then, it was alleged, to make possible the sale of $70 millions worth of stock to the public, the value of intangible assets was "written up" to $75 millions.

Mann explained further that on May 30, 1935, there was another stock transfer by which Hearst was promised $8,297,595, and demanded recission of these two transfers.

Canada's Pulp Exports

From Our Own Correspondent

MONTREAL. — Canada's exports of wood pulp and screenings in August totalled 1,166,966 cwt., valued at $2,833,241, compared with 748,024 cwt. at $1,867,581 in July and 1,394,414 cwt. at $3,625,875 in August, 1937.

Pulpwood exports aggregated 279,795 cords valued at $2,559,320. This compares with 221,459 cords at $2,076,280 in the previous month and 234,789 cords worth $1,912,858 in August last year.

JAMES W. SEWALL
Timber Cruises and Valuations
JAMES W. SEWALL
Old Town, Maine
PHILLIPS & BENNER
Ruttan Block, Port Arthur, Ont.

PRICE BROS. & Company Limited
NEWSPRINT and BOARD
Mills : Saw Mills
SULPHITE BLEACHED SULPHITE
FOURDRINIER SPECIALTIES
Newsprint Mills at Kenogami, Riverbend, Jonquiere
HEAD OFFICE PRICE HOUSE QUEBEC CITY

Abitibi Power & Paper Company, Limited
TORONTO, ONT.
Owning directly or through subsidiary companies, mills at
Beaupre, Que. Sault Ste. Marie, Ont.
Sturgeon Falls, Ont. Iroquois Falls, Ont.
Espanola, Ont. Smooth Rock Falls, Ont.
Pine Falls, Man. Fort William, Ont.
Port Arthur, Ont.
Newsprint
Groundwood Pulp News Sulphite Pulp
High Grade Bleached Sulphite Pulp

DONNACONA PAPER COMPANY LIMITED
GROUNDWOOD and SULPHITE PULP • NEWSPRINT and "DONNACONA BOARD"
Mills at the Company Townsite of Donnacona, P.Q.
HEAD OFFICE • QUEBEC CITY

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TORONTO, OCTOBER 1, 1938

The Financial Post's Platform for Canada

Balanced budgets.
A modernized constitution.
Extension of Empire trade.
Integrity in meeting public organizations.

Debt and War

LOWERING of war clouds in Europe finds Canada totally unprepared from the point of view of public debt and taxation.

At the beginning of the Great War, the net federal debt was about $335 millions. By the end of the war this had risen sevenfold to $2.3 billions.

In addition to adding two billion dollars to federal debt a further quarter of a billion was incurred by provinces and municipalities.

Yet post-war prosperity failed miserably to reduce these colossal figures.

Despite tremendously increased tax levies, the net reduction in federal debt during the prosperous 'twenties was only $280 millions.

Provincial and municipal debts were meanwhile soaring at appalling speed. By the time 1929 came 'round our total public debt had reached $5.5 billions.

The depression has tacked on a further $2 billions. The current total is around $7.3 billions.

* * *

One reason the Dominion Government and the provinces are able to continue to pile up debt is that the average citizen does not realize what it is costing him.

The total net direct public debt of Canada—that is, Dominion, provincial and municipal—amounts to about $5,800 millions. Assuming an average interest rate of 4%, the annual interest bill comes to $232 millions. That means an annual bill of $100 for each and every Canadian family.

In addition there is a guaranteed or indirect debt of $1,475 millions. Again assuming an average rate of 4%, annual interest charges amount to $58 millions.

Interest charges of the Dominion Government alone, amounted to over $132 millions in the 1937-38 fiscal year. In the past five years it has paid more than $682 millions in interest.

During the past five years, deficits of the Dominion Government have totalled $504 millions.

If there had been no debt and consequently no interest charges there would have been a surplus of $178 millions rather than a huge deficit.

* * *

Lower taxes are essential if Canada is to grow and prosper through individual enterprise and initiative. Yet such an objective cannot be achieved if debt is increased.

Commitment of Canada to aid in another World War would inevitably cause such an increase, unless a tremendous national effort were made to raise taxation to the point where war expenditure were financed out of current revenue.

Distasteful as that would be, it is a course that would be infinitely preferable to a further debt orgy along the lines of the 1914-20 period.

It is unthinkable that Canada can add several billions of dollars to her national debt for wasting assets of war and still hope to avoid financial bankruptcy.

Investment "Services"

THESE past few months have been an outbreak of pseudo-investment services.

Labelling themselves as "investment analysts," "investment advisory services" or something of the sort, these organizations have showered their publicity across Canada.

Some of them publish news sheets which appear on the surface to be genuine but which are strangely filled with news about some obscure company, usually a mining concern.

The Financial Post has received numerous letters from subscribers from coast to coast asking how to appraise the reliability of concerns of this type. In many cases literature offering to analyse security holdings has been received, the requirement being that the interested party forward a "list" of his holdings. Some services offer to favor the individual with an investment advisory service, usually with an initial period of free subscription.

Investigation of some of these organizations has shown them to be in the hands of men whose records give no grounds for confidence in their ability or honesty. Some have obtained brokers' licenses by using another organization which may be underwriting some stock that is frequently mentioned in the "news" stories sent out.

Services of this type are usually well versed at keeping within the letter of the law. Investors therefore must be especially on guard in protecting themselves. Unsolicited offers should be carefully investigated.

Aggressive action by Better Business Bureaus and Securities Commissioners would help to remove this menace to the unsuspecting investor.

Enemies of the Payroll

C. L. BURTON, president of Simpson's Ltd., coined a pungent phrase last week when he described public debt and taxation as "enemies of the payroll."

Speaking to the Brantford Board of Trade, he said:

"These enemies of the payroll, and therefore of enterprise in business, are added debt and excessive taxation.

"And yet have we not experienced progressively during each of the last many years, burdens of public debt and taxation which have crippled business and obliged it to restrict its enterprise, thus preventing remedial measures of re-employment and new employment?"

Pointing out that expenditures for government purposes rose by $350 millions between 1937, and that one out of every seven persons was now on the public payroll, Mr. Burton suggested that "every dollar unnecessarily taken in taxation results in definite discouragement of industrial enterprise, and means, perhaps, that 10 times that dollar fails to find its way into the worker's pay envelope."

* * *

Canada's public debt has now risen to the point where each child born in the Dominion must assume a debt burden of $340. Total debts have increased since 1927 by nearly two billions of dollars. Thus at a time when production of new wealth was cut in two, public debt increased 44%.

"While governments have taken more, business and private enterprise have had to do with less.

"Therefore, we must look to governments to spend less, to balance their budgets, to remove obnoxious and disturbing laws from our statute books, to reduce the cost of administration and meanwhile to treat business as the best friend the government has, the most promising source from which to secure employment for those employables."

Mr. Burton says the fault lies basically with each of us as citizens. One body of citizens after another exercises pressure on public men for measures and expenditures which increase public debt and taxation. Though politicians must enact the laws to bring extravagant measures into effect it is the people themselves on whom rests responsibility for the "final discouragement of enterprise and the impairment of the worker's pay envelope."

Certainly there must be "a more penetrating examination and exposition of public administration." But alongside an enlightened and awakened public conscience, Canadians also have a right to demand some courageous leadership on the part of politicians and government officials in attacking these "enemies of the payroll."

Co-operation in Ontario

UNDER the energetic sponsorship of Hon. P. M. Dewan, provincial minister of agriculture, co-operation is off to a fresh start in Ontario.

Last week some 250 "co-operators" attended a three-day conference at the Ontario Agricultural College. Whether the new movement is going to be any more successful than its predecessors, time alone will tell. The conference, at any rate, is to be made an annual affair with the dual objective of educating producers and consumers in the policy of co-operation.

* * *

For various reasons real co-operative effort in Canada has not made any great progress. Again and again activity has advanced to a certain point only to languish. Within the last half century there have been four or five major movements, mostly along agricultural lines.

There was the old Patrons of Industry drive in Ontario, and the Grange movement. Later came the rise of organized grain growers in the West. Just after the Great War the United Farmers group reached its zenith when it captured the Provincial Government in Ontario, developed co-operatives with a membership running into many thousands and operating a big chain of co-operative retail stores.

All of these major movements declined, leaving for the most part little more than small joint stock companies in their wake or skeleton educational associations. The living example of Danish agricultural co-operation and the consumer co-operatives in Great Britain and Sweden was never emulated in Canada. Why?

* * *

Apparently in most parts of Canada there has never been the same urgent necessity for co-operation.

The Danish farmer, before he turned to joint action, lived in dire poverty. His land was poor, his livestock and other chattels heavily mortgaged. Organization was dictated by stark necessity. It was assisted to a successful conclusion by a compact uniform agriculture, by a people accustomed to more discipline than would be tolerated in Canada, and by a nearby and almost unlimited market for bacon, butter and cheese.

Consumer co-operative in Sweden and Great Britain faced a very similar situation in so far as necessity and compact population were concerned.

* * *

In Canada, however, there is no similar parallel on a large scale. Here agriculture is diversified and often highly competitive or producers are located thousands of miles from a consuming market. Moreover there has never been anything like the agricultural poverty of Denmark during the middle of the last century.

Among consumers, too, there is little uniform interest. In almost every urban street of this Dominion there is a mingling of all sorts of classes, different religions, different professions or occupations. Because there has been no continuing urgency for co-operation, efficient and practical leaders for any movement have been few. Dreamers though have been plentiful.

* * *

In only a few isolated and compact industries have conditions really favored the spread of successful and permanent co-operation. Fishing as carried on along the coasts of the Maritime Provinces is one instance. Production of wool, tobacco and certain kinds of fruit in strictly limited areas is another.

In the consumer category, the company towns in the mining or lumbering districts of the North with their compact groups of people engaged in the same class of work offer scope.

In such cases the movement may be expected to flourish.

For the greater part of Canada, however, conditions are different and if wide-scale successful co-operation is dependent upon an initial period of prolonged privation it is to be hoped conditions will continue to remain different.

Degree For David Williams

WRITING to us the other day, the editor of a leading Canadian weekly newspaper said this:

"To my mind, David Williams is rural Ontario's Number One Citizen to give unstinted and whole-hearted public service to his community and province."

In case you don't know, David Williams is the "veteran and versatile editor" of the Collingwood Enterprise-Bulletin. He is in his 70th year and this is his 50th year in journalism.

Recently his townsfolk on the Collingwood municipal council honored him by placing his portrait in the City Hall. This was in recognition of his services as mayor of the town in 1933 and 1934 and as member of the council for 15 years.

Singing his praises in a recent editorial, The Canadian Statesman of Bowmanville looks back across his editorial record of almost 50 years and suggests that this same David Williams is the outstanding example in Ontario of "the rural spirit of public service."

It points to a score of community and business enterprises in which he has played a leading rôle, mentioning especially his work in connection with Ontario and his own community history. For several years Mr. Williams was president of the Ontario Historical Society. He also founded the Huron Institute at Collingwood and has been its secretary and curator for a quarter of a century. This institute is in effect a "museum of community life" from the early days until the present.

The specific suggestion made by the Statesman which seems a worthy and timely one is that one of Ontario's universities "could find no better man in the whole province to honor with an honorary degree" than Mr. Williams.

Such a degree would be a tribute to the potent, stabilizing influence of the rural community in Ontario life. It would be a well-deserved honor to the weekly press. which Mr. Williams so worthily represents. Mr. Williams is a past president of Canadian Press and of the Ontario-Quebec division of the Canadian Weekly Newspapers' Association.

It would reflect equal honor and tribute to the university itself.

Editorials in Brief

Australia reports the lowest unemployment in its history, according to Charles B. Howard, M.P. for Sherbrooke. Present total is about 7% compared with a usual figure of 9%.

Prime Minister King when he hears this will doubtless want to appoint another commission to find out how Australia does it.

* * *

The Montreal Gazette objects to western provinces employing American economists to prepare their briefs for the Rowell Commission. It does not see why these provinces had to import brains.

The western provinces did the proper thing in seeking the best talent available, even if it happened to be a group of American economists. The briefs of the western provinces, as scientific studies, were among the best presented to the Commission.

* * *

Apparently Social Credit is not a complete answer to the economic problems of Alberta. True, Premier William Aberhart and his associates have been telling Alberta citizens for several years that the introduction of Social Credit is all they require for economic and financial salvation. Now, however, the Government through the Rowell Commission "brief" has made "formidable" demands on the Dominion for assistance, in addition to requesting a free hand to experiment with Social Credit.

The Ontario and Quebec Governments may feel that other western provinces sought too much aid in their submissions to the Rowell Commission, but their requests were modest compared with the desires of the Alberta Government.

Sayings of the Week . .

"I forecast that there will be a return to evangelism."—*Roger W. Babson.*

* * *

"The whole state of Europe is moving steadily toward a climax which cannot long be delayed." —*Winston Churchill.*

* * *

"Audiences are never twice alike; they are as variable as the players who try to stir response from them."—*Otis Skinner.*

* * *

"Unless the British Empire and the United States come together and operate together, you'll never get world order."—*Lady Nancy Astor.*

* * *

"The government of Canada has 37 varieties of ways of raising funds to keep its complicated machinery moving."—*C. L. Burton, president, Robert Simpson Co.*

* * *

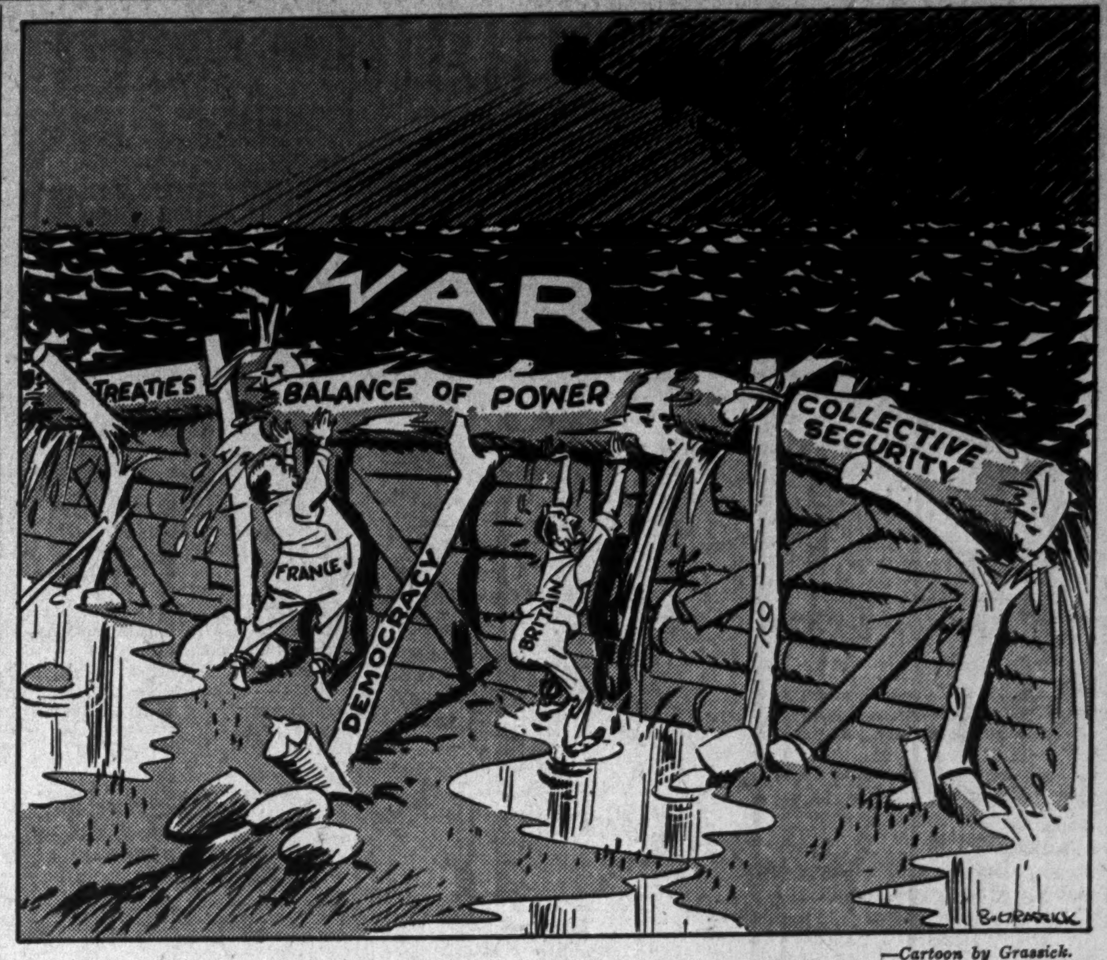
"If your government is interested in supporting a constructive development policy for Ontario, I shall be pleased to renew representation already made to you on this subject."—*Premier Mitchell F. Hepburn and Prime Minister King.*

* * *

"If a child has not acquired an incentive to mental and other personal improvements by the time he has reached 13 years of age he is not, in my opinion, likely to acquire the incentive by simply being kept in school until he is 16."—*C. L. Burton, president, Robert Simpson Co.*

* * *

"I am getting rather used to the sensation of high speed."—*Captain George E. T. Eyston.*



—*Cartoon by Grassick.*

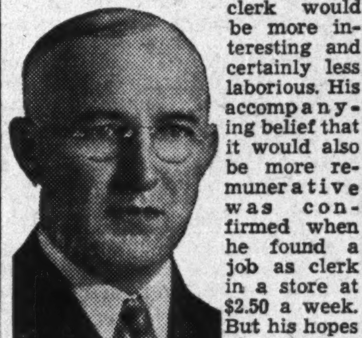
WHILE THE WORLD HOLDS ITS BREATH

Post-Scripts . . . . .

No Surplus

Ontario's new Minister of Labor, Hon. Norman O. Hipel, learned early in life the lesson many young men fail to absorb until well along in their twenties—that one's expenses tend to keep pace with or exceed your income even when the latter increases.

As a boy of 13, Mr. Hipel quickly tired of working on a farm for $5 a month. He decided that a job as a clerk would be more interesting and certainly less laborious. His accompanying belief that it would also be more remunerative was confirmed when he found a job as clerk in a store at $2.50 a week. But his hopes of greater affluence were dashed when he discovered that it would cost him exactly $2.50 a week for room and board.



NORMAN HIPEL

Nothing daunted, he devoted all possible energy and alertness to his new job in the hope of impressing his employer. He finally did, and got a raise of 50 cents a week. But the extra half dollar had hardly had time to settle comfortably in his pocket before his landlady raised her weekly levy by the same amount!

* * *

Mr. Hipel's practical experience in trying to balance income with outgo was gained in Preston, Ont., the town nearest the log house in which he was born 48 years ago. The rent-jumping proclivities of his landlady were largely responsible for turning him to the craft of carpentry, in which he became an apprentice at 16. He mastered the craft quickly enough to set himself up in business as a barn builder at the early age of 21.

Mr. Hipel (pronounced as if spelled Highple, by the way) is still in the barn building business, though today he heads a limited company employing 100-150 men, and with a record of having built more skating rinks and arenas than any other firm in Ontario.

* * *

Aside from his interest in devising new construction methods—his firm holds patents on a special type of barn construction and has patents pending on a new method of arena building—Mr. Hipel's chief relaxation is motoring. Always at the wheel himself, he covers between 30,000 and 40,000 miles a year in his car.

Despite a busy life as a contractor, Mr. Hipel has found time for considerable activity in local and provincial politics. In Preston he served successively as alderman, deputy-reeve, reeve, and mayor (1923-24), enjoying the distinction of having been elected by acclamation on almost every occasion on which he was nominated. In 1930, he successfully contested the by-election in previously Conservative South Waterloo.

He was re-elected in the general elections of 1934 and 1937 which returned the Hepburn administration to power, and served as Speaker of the Legislature from the time the Hepburn regime took office until his recent appointment as labor minister.

* * *

Farthest North

Scarcely had last week's Post been printed when we received a friendly correction from Edwin W. Mills of Hamilton regarding the item of the special lodge meeting of the Masonic Order attended by J. B. Tyrrell at Coppermine through dispensation of the Master at Edmonton.

Says Mr. Mills:

"Your statement that this was probably the farthest north Masonic gathering ever to take place in Canada would hardly be correct in view of what transpired aboard the R.M.S. Nascopie last year during her annual cruise to the Arctic.

"At that time an attempt was made to open a lodge at Craig Harbor, Ellesmere Island, through the efforts of the writer and Lieut. Commander W. Queen, the latter having been a member of the Byrd Antarctic Expedition and who had opened a lodge in the Antarctic and was desirous of doing so in the Arctic. However, we were unable to secure the proper dispensation for so doing by radio and so at a point well within the Arctic Circle, latitude 66 degrees 33' a Masonic gathering was held although no lodge as properly constituted was opened.

"This gathering included Captain Thomas F. Smellie, skipper of the Nascopie, three former Past Masters and some eight others composed of members of the crew and Royal Canadian Mounted Police on board. Lodges were represented throughout Canada, United States and the British Isles and the most delightful fraternizing took place and record of the event made."

Mr. Mills emphasizes his unwillingness to detract in any way from the importance of the gathering at Coppermine but "takes friendly exception" to the fact that it be called the "farthest north."

* * *

Honor to Col. Jones

An event took place the other day in the little town of Liverpool, N.S. The mayor, town councillors, town solicitor, town clerk, high sheriff, president of the board of trade and other prominent citizens went in a body to Hillcrest, the home of a fellow citizen. They went to honor Col. C. H. L. Jones, president and general manager of Mersey Paper Co. and also president of Price Bros. and Co.

Thirty-five years previously Colonel Jones, then a young man of 27, married Elizabeth Kennedy, of Montreal. Curiously enough on the same anniversary date 10 years ago, the Joneses took up residence in Liverpool. The town council and leading citizens of Liverpool took advantage of the wedding anniversary to present Colonel and Mrs. Jones with a silver rose bowl and an illuminated address.

As operating head of two of the largest newsprint companies in Canada, the Colonel has had his hands full. Nevertheless he has found time to fulfill his obligation as a citizen of Liverpool. The deep interest which he has taken in the town's affairs is set out in the address. One cannot do better than repeat it:

"Your association with our Historical Society, with the Yacht Club, with the playgrounds, the war veterans, the Golf Club, the schools, the Tuna Angling Club; your personal endeavors such as the Cobb monument, your fund for the relief of sufferers in the disastrous forest fire of 1930, and your skilful and successful direction of the recent International Tuna Angling Tournament, all are evidence of an interest which has been, and will always be, appreciated deeply by ourselves and the people we represent. Aside from personal activities, too, we appreciate the co-operation which exists between ourselves and the great industry of which you are head and which means so much to the life and prosperity of our town. We know that co-operation will continue to our mutual benefit."

A pleasing and well-deserved tribute to one of the ablest men in the Canadian pulp and paper industry.

* * *

W.C.I.U. President

When the Western Canada Insurance Underwriters Association elected Norman J. Black, of Winnipeg, as their president recently they picked a man who had touched western life not only in the insurance business but at a great many other points.

NORMAN J. BLACK

Beginning his business life in the superintendent's office of the old Grand Trunk Railway at Allendale, Ont., Mr. Black later in 1901 went west in the service of the C.P.R. and shortly after joined the Canadian Northern as secretary to George H. Shaw, traffic manager of that company. He thus saw at first hand the striking development which occurred in the West in the early years of this century.

* * *

After about seven years of railroading he decided to enter financial and insurance work and went into partnership with W. Sanford Evans in Winnipeg. After the outbreak of war, however, he joined the Canadian forces and served as a major both at home and overseas.

Following demobilization in 1919 he undertook the management of United Grain Growers Securities, Ltd. a subsidiary company of the United Grain Growers which operated a general insurance business from Port Arthur to the coast.

Some 12 years ago he was appointed manager of the Winnipeg branch of the Commercial Union and Associated offices. He is active in Rotary Club, the Masonic Order and boys work. Golf and lawn bowling help him to round out a fairly well occupied life.

The New National Policy

Fort William Times-Journal

The Financial Post in an editorial under the caption, "The New National Policy," says that the minimum price wheat policy is a matter of far-reaching significance. It hints that Premier Mackenzie King has his eyes upon the winning of an election in 1939, and that this may have had some influence upon the Government. But it finds the policy hard to justify.

We have no more love of artificial devices, which are described as lifting ourselves by the boot-straps, than has The Financial Post, but we cannot but feel that the primary producer has always been the last consideration of all Canadian governments and that he is entitled to as much attention and assistance as the manufacturer.

It may be that this acceptance of the new principle of giving a fixed return for wheat will, in the final outcome, compel Canada to revise her notions as to what, exactly, a national policy means. Protection is not a new national policy, but we wake up to its real implications when we see it applied in new directions.

Bonusing Wheat Farmers

Regina Leader-Post

Recently The Leader-Post presented at some length the views of Frank Eliason of Saskatoon, secretary of the United Farmers, as to why wheat should be a dollar a bushel at the Saskatchewan elevators. Mr. Eliason argues that a dollar a bushel is the cost of production and that the farmer is entitled to his cost of production just as the manufacturer is entitled to a profit. Mr. Eliason would have the Dominion treasury make up to the farmer the difference between the market price of wheat and the dollar a bushel at the elevator.

But where does the thing end? Why not give a fixed price on apples, lumber, fish, livestock, eggs, poultry, corn, buckwheat—everything that the country may produce? The money to pay the extra prices would have to come out of taxation. And eventually a lot of the taxation would land back on the farmer. There would have to be extra taxation because high fixed prices could apply only to what was sold at home. In the world markets our products would have to be sold at what we could get for them. And without a foreign market for wheat the Canadian production would have to go down to about 100,000,000 bushels.

The fact is that a small bonus may be paid by the government to support an industry in time of crisis. But it cannot be very large or it defeats its own purpose, by increasing production to the point where no one knows what to do with the surplus. A whole series of fixed prices means that the government takes over all production and management. One may doubt if we can put enough brains into any cabinet, at home or abroad, to run the whole business of Canada without making a mess of it.

The Guaranteed Wheat Price

Searle Grain Co. Bulletin

The Dominion Government has guaranteed a minimum price for wheat to Western farmers of 80 cents a bushel for No. 1 Northern in store Fort William.

This guarantee, which at the time of writing amounts to a bonus of 22 cents a bushel, was given no doubt because the Government recognizes the handicaps which have been imposed upon western wheat growers by the high tariffs, which in turn had much to do with making the price of the things our farmers have to buy (according to the Searle Index) 38% more than in pre-war times, and which tariffs, in addition, were curtailing foreign markets for western wheat.

The bonus to our farmers is most acceptable, of course, as an offset to the handicaps mentioned. We trust, however, that the Dominion Government will not regard this as a permanent recompense for the high tariffs, for no bonus can be anything like as much value to us in the West as would be the lowering of tariffs.

Stop Me If . .

Professor's Daughter: "Circumstances compel me to decline a marital arrangement with a man of no pecuniary resources."

Student Suitor: "Er—I don't get you."

Professor's Daughter: "That's just what I'm telling you."

In the Mail . .

B. C.'s Forest Crop

Editor, The Financial Post,

I hope you will pardon my writing respecting a note on the editorial page of a recent copy of The Financial Post under the heading of "Burning up Jobs."

The principle of what you say is true, but it is out of scale. The area burned over was 60,000 to 70,000 acres. It was all logged-over land and possibly one third was regenerating by natural means. If this land had not been burned over and if all, or almost all, of it had regenerated by natural means, the crop in about 60 years would have been about 20,000 board feet of lumber per acre, or about 1¼ billion feet of timber and not five billion.

I am thoroughly aware of the loss arising from forest fires and of the value of such management as will prompt us to treat our forests as a profitable crop giving employment, but I think one of the first steps to be taken in reaching that state of sound public thinking will be to have the population of this country understand what may be reasonably expected as a forest crop and not to hold exaggerated opinions.

H. R. MACMILLAN.
Vancouver, B.C.

As Others See Us . . . .

Where Canada Fails

St. Marys Journal-Argus

While taxes everywhere else in North America have been increasing, mostly at an alarming rate, they have been coming down in Nebraska, down one third in ten years, according to The Financial Post.

In Canada there has been no concerted efforts to put economy across with the voters. Public taxation is not before the people in specific and understandable terms.

Conditions are no doubt much different out in Nebraska than they are here. But Nebraska's attitude toward debt and taxes is worthy of our emulation. The kindling of the same spirit might also work wonders here.

Monday Holidays

Estevan Mercury

The inconvenience experienced in arranging for observance of last Dominon Day has given point and punch to the agitation looking toward observance of all possible statutory holidays on the Monday of of the week in which they fall. It would not be surprising to see some action taken during the coming year. The Financial Post is leading a determined campaign to have Victoria Day, Dominion Day and Thanksgiving Day officially set for Monday observance until such time as it may be possible to bring into line such festivals as Christmas, Easter, New Years and others that must remain until such time as a reform of the calendar is made possible.

Ambassadors of Trade

Saint John Citizen

Commenting on the effective work being carried on by the 34 Canadian trade commissioners scattered throughout the world, The Financial Post says: "The practical results of the work are seen in the books of thousands of Canadian companies. They are reflected in the pay envelopes of Canadian workers and the income of Canadian farmers, fishermen and other primary producers."

Possessing an intimate knowledge of present accessible markets, and ever in search of new ones, Canada's trade commissioners are a necessary adjunct to the nation's export business. Recognizing the ever-increasing value of advertising, the Department of Trade and Commerce has launched a campaign to make Canadian producers more "export conscious" by acquainting them with the benefits to be derived in the lucrative field of foreign export. Through this medium it is the hope of the department to add to the stream constituting the flow of Canada's export trade.

A Deserved Roast

St. Catharines Standard

Kind things were said in many Ontario newspapers when the news was spread that the esteemed editor of The Bowmanville Statesman went off on a holiday and his editorial page was to be taken care of by social service clubs and members of the town council. The Financial Post this week calls attention to what they pulled off in the editorial absence. Crediting a member of the town council with the product, The Post reproduces the following statements made for the edification of the readers in this staid little town:

That in Canada 15 families control 40% of the wealth.

That one person gets 58.9% of the national income.

That in Canada the million dollar income is taxed 9.8% while the workingman's sugar is taxed 20%.

That under our economic system "many sow that a few may reap."

The Financial Post very well points out that surely an editor has responsibility for what is published in his page, which is quite true. The longer we live the more is it appreciated that the last place in the world for wild statement is in the editorial columns. There can be, of course, no infallibility, but by and large editorial comment must be judicial, fair and well reasoned out.

Other People's Views . . . .

Future of the Empire

London Spectator

In his speech to the Manchester Chamber of Commerce Mr. Malcolm MacDonald expressed a statesmanlike view of the future of the Dominions. We must not think of them, he suggested, as expanding simply through their pastoral and agricultural industries; their industrial development, properly and wisely guided, will not be contrary to our interests. They are destined in the future to be great sovereign nations with populations more proportionate to their territory; and this presupposes great industrial as well as agricultural activity. Such enterprise would not deprive us of markets for our exports, though it would undoubtedly impose upon our industrialists the duty of getting together with industrialists in the Dominions to work out schemes of complementary production. Mr. MacDonald's view is the long one. His conception is that of a British Empire consisting of six first-class powers. Economic planning should go on side by side with the growth of the vast commonwealth of nations which he foresees.

Week in Business

Business Marks Time While Hitler Ponders

Uncertainty and Stock Market Losses Combine to Throttle All But Routine Purchasing — Luxury Goods Hit — Western Pick-up Slow

Canadian business like that in practically every other country of the world has gone through another week of unsettling uncertainty. Until Herr Hitler makes up his mind on peace or war normal Canadian business will be impossible. True actual outbreak of war, even if Canada was included, would not mean collapse, but there would ensue such a drastic reorganization that present trends might be almost meaningless.

* * * *

Already the possibility of war is having considerable influence. Sagging wheat prices of a fortnight ago have disappeared and in their place is a healthy demand with quotations up nearly ten cents from recent lows. Exports have doubled. Potential government wheat loss due to a high minimum price has been stepped down from a possible $75 millions to $35 or $40. Other war commodities like cotton, rubber and copper are easily holding recent gains, threatening to go higher. But there have been losses, too.

Buying of costly semi-durable goods, like furniture, automobiles, has slumped. With possibility of a trip to Europe on a troopship, the average consumer is not in the mood for making heavy commitments and especially after suffering September stock market losses running from 10 to 25%.

* * * *

This war nervousness undoubtedly is partly responsible for the slow pick up in western buying. Combination of an assured high price and the best crop in six years was believed certain to start a boom in Prairie purchasing.

Retail sales in that area are improving, but not to the extent anticipated. So far most purchases have been confined to essentials: farm machinery and repairs, hardware, food, clothing, etc.

Of course not more than half of the current crop has been delivered and there is still a rush of late farm work.

With a war in Europe looming farmers are inclined to slacken the rush of wheat deliveries, remembering that this grain topped $2.50 per bushel the last time Mars ran amok in Europe.

Business Indicators

Current business drifts slightly lower with D. B. S. weekly index for mid-September at 109.3 compared with a point higher earlier in the month.

Carloadings continue to improve due largely to grain movement, but gain still unable to reach level of a year ago.

Railway gross earnings during third week in September slip a little from recent smart recovery.

Car sales in August down about 25% from same month a year ago, but financing used cars higher.

Fisheries—Sea catch in August slightly lower but value better.

Mining—Latest figures indicate that base metal output continuing at record levels.

Electric power output in August shows substantial improvement with total less than 6% below a year ago.

Finance—In August bank debits and life insurance sales both down slightly from same month 1937.

Current trend in Canadian business shown by The Financial Post index of business activity, with new figures for the week marked thus▲.

	Sept. 17	Sept. 10	Sept. 3	Aug. 27	Sept. 18/37
Weekly index, D.B.S.	109.3	110.4	109.4	107.4	113.0
Commodity prices	74.5	74.0	74.6	75.1	84.8
	Aug.	July	June	May	Year Ago
Financial Post index	109.1	109.0	109.6	109.6	123.8
Retail trade index no. of sales	....	69.6	81.4	80.3	74.2
Dept. store sales "	74.7	75.6	74.4	73.4	80.3
Wholesale index no. of sales	....	90.6	100.3	95.5	97.4
Country sales (% of gains)	....	*4.2	1.6	*2.2	13.7
Employment D.B.S. Index—					
	Aug. 1	July 1	June 1	May 1	Year Ago
All industries	112.1	113.5	111.9	107.4	120.1
Manufacturing	110.0	111.8	112.3	110.6	118.1
Wage earners, No. (000)■	....	....	2,338	2,304	2,453
Living costs♦	$17.90	$17.45	$17.43	$17.36	$17.20

	1938	1937	Jan. 1 to date 1938	Jan. 1 to date 1937
Railways—				
Carloadings, week (Sept. 17)	▲56,609	61,513	1,661,847	1,823,518
C.N.R. gr. earn., wk. (Sept. 21)	$ ▲3,971,607	$ 4,164,141	$ 124,342,481	$ 140,197,915
C.P.R. gr. earn., wk. (Sept. 21)	$ ▲3,364,000	$ 3,289,000	$ 94,950,000	$ 100,346,000
C.P.R. net revenue (July)	$ 507,337	$ 1,095,461	$ 3,188,365	$ 9,355,614
C.N.R. net revenue (July)	•96,958	958,900	•5,766,941	7,626,848
Iron and Steel (August)—				
Pig iron production (tons)	▲49,477	74,578	504,873	578,258
Steel ingots and castings prod. (tons)	▲82,781	126,695	837,449	963,840
Automobiles (Number)—				
Passenger Cars:				
Domestic sales* (August)	▲4,591	6,344	71,820	92,465
Factory output (August)	3,063	5,814	84,438	115,884
Trucks and Buses:				
Domestic sales* (August)	▲2,613	2,730	20,265	23,533
Factory output (August)	3,389	4,928	33,179	41,364
Exports (August)	3,912	8,802	43,632	51,416
Financing (August)—				
Used	$ ▲3,188,821	$ 3,179,395	$ 26,335,209	$ 26,325,602
New	$ ▲2,484,386	$ 3,187,305	$ 25,231,862	$ 31,281,438
Construction—				
Cons. contracts (August)	$ 22,113,400	$ 24,830,800	$ 123,926,800	$ 156,691,900
Cement, bbls. (June)	749,047	752,683	2,167,461	2,090,006
Clay (June)	428,527	485,917	1,564,088	1,396,548
Gypsum, tons (July)	▲137,554	125,674	474,748	503,090
Agriculture—				
Flour prod., bbls. (July)	928,722	1,089,159	6,439,851	7,148,658
Flour exp., (Aug.)	286,270	288,608	2,220,586	2,700,279
Wheat exp., bus. (Aug.)	6,266,055	6,544,967	39,298,031	58,871,691
Cattle sales (July)	64,127	99,080	387,976	464,533
Hog sales (July)	43,619	73,276	409,863	597,087
Sea Fisheries (August)‡—				
Catch, cwts.	▲1,503,750	1,534,420	5,571,330	5,663,543
Landed value	▲3,378,445	3,200,660	12,017,662	12,579,648
Newsprint (tons)—				
Production (August)	220,303	319,876	1,682,720	2,423,830
Exports (August)	▲219,610	283,128	1,523,733	2,219,814
Mining and Oils—				
Coal prod., tons (July)	814,910	1,145,334	*1,722,119	8,183,559
Coal imports, tons (July)	1,479,544	1,886,445	6,466,235	8,134,431
Gold prod., fine oz. (July)	420,778	347,716	2,638,946	2,323,704
Nickel prod., lb. (July)	▲17,404,131	15,795,714	126,390,272	127,279,412
Copper prod., lb. (July)	▲49,607,247	41,750,471	341,656,164	285,484,655
Crude pet. prod., bbls. (June)	537,654	209,181	2,919,425	1,061,681
Crude pet. imp. bbls. (July)	4,066,571	4,706,379	17,518,032	19,070,663
Electric Power Output (August)—				
Total monthly m.k.w.†	▲2,071,901	2,197,725	16,774,714	18,141,912
Trade—				
Imports (August)	$ ▲57,026,268	$ 69,965,939	$ 449,541,032	$ 522,777,568
Exports (August)	$ 36,537,952	$ 103,338,590	$ 580,937,398	$ 739,755,961
Other Industrial Factors—				
Dressed lumber, exp.:				
M. bd. ft. (August)	▲147,205	170,017	1,069,207	1,203,892
Boot & shoe prod., pr. (July)	1,626,772	2,055,533	12,573,625	14,538,744
Cotton, raw, imports, lb (July)	7,588,000	12,324,000	71,694,000	92,395,000
Raw rubber imp., lb. (July)	6,015,658	4,419,499	31,361,166	37,746,689
Cigarette cons. (Aug.) No.†	668,798	663,989	4,539,360	4,374,163
Sugar manufactured, lb.§	▲96,270,679	91,122,789	567,116,974	536,274,941
Finance—				
Bank debits (August)	$ ▲2,371,129	$ 2,612,858	$ 19,422,568	$ 23,519,603
Bond sales (August)	$ 51,358,000	$ 51,113,800	$ 775,662,361	$ 880,211,365
Life insurance (August)	$ ▲27,996,000	$ 28,411,000	$ 248,171,000	$ 253,567,000

*D.B.S. All-Canada figure comprising over 90% of the Canadian total.
†000's omitted. §For four weeks to Sept. 10, 1938.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C.
♦For average family per week, food, fuel, rent. •Deficit. *Decrease.
■Estimated in employment.

General Steel Wares To Make N. B. Auto Plates

From Our Own Correspondent

MONTREAL. — General Steel Wares has been awarded a contract by the New Brunswick Government for manufacturing the 1939 automobile license plates.

Next year's plates will be blue, with numerals in white, and will be available next December.

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Seasonal Gain Power Output

August Returns Still Running Behind Last Year —West Reports Gain

From Our Own Correspondent

MONTREAL.—Canadian central electric stations report an output in August of 2,071,901 m.kw.h. This shows an increase over the 1,987,774 m.kw.h. reported for July, but was 5.7% below the August, 1937, output.

Examination of the returns for August this year with the same month last year shows that the three economic areas in eastern Canada all reported a decline, while the Prairie and British Columbia reported an increase in production.

Returns Holding Up

Comparative figures on output for the economic areas in the eight months ended August 1938 and 1937 follow:

(Thousands of kilowatt hours)

August	1938	1937
Maritimes	74,100	83,179
Quebec	1,085,720	1,103,572
Ontario	594,097	707,873
Prairies	146,879	145,465
B. C.	171,105	157,636
Total	2,071,901	2,197,725
Eight Months Ended August		
Maritimes	562,733	626,723
Quebec	8,793,712	9,468,930
Ontario	4,830,485	5,627,702
Prairies	1,307,050	1,307,613
B. C.	1,280,734	1,110,944
Total	16,774,714	18,141,912

West Reports Gain

The apparent consumption of electricity by economic areas follows the same trend as production. During August consumption amounted to 1,922,408 m.kw.h. as against 2,035,108 m.kw.h. in August, 1937. With the exception of B. C. and the Prairies, the other areas report a decline. The same trend is noted in the cumulative returns for the eight months.

Figures on consumption of electrical energy in Canada by economic areas follow:

(Thousands of kilowatt hours)

August	1938	1937
Maritimes	72,748	82,228
Quebec	845,442	900,028
Ontario	686,355	749,860
Prairies	148,475	146,882
B. C.	169,388	156,110
Total	1,922,408	2,035,108
Eight Months Ended August		
Maritimes	552,228	616,716
Quebec	6,872,644	7,845,854
Ontario	5,580,280	6,005,213
Prairies	1,318,853	1,319,531
B. C.	1,268,090	1,098,319
Total	15,592,095	16,885,633

Boiler Load Off

Deliveries of secondary power to electric boilers increased from 360,488 m.kw.h. in July to 410,164 m.kw.h. in August, but the latter returns were 16.5% below the August, 1937, figure.

For the first eight months of 1938 deliveries to electric boilers totalled 3,618,191 m.kw.h., compared with 4,953,146 m.kw.h. in the same period of 1937. Aside from the Maritime Provinces all the other areas report a decline in such deliveries.

Exports Are Down

Exports to the United States last month dropped to 149,493 m.kw.h., as against 159,349 m.kw.h. in July and 162,617 m.kw.h. in August last year.

Up to the end of August exports to the United States totalled 1,182,780 m.kw.h. This contrasts with 1,256,281 m.kw.h. in the same period of 1937, but was considerably above the average of recent years.

Foreign Exchange

Continued buying of United States dollars and a further decline in the pound sterling have featured the foreign exchange markets during the week. The Canadian dollar has also moved lower.

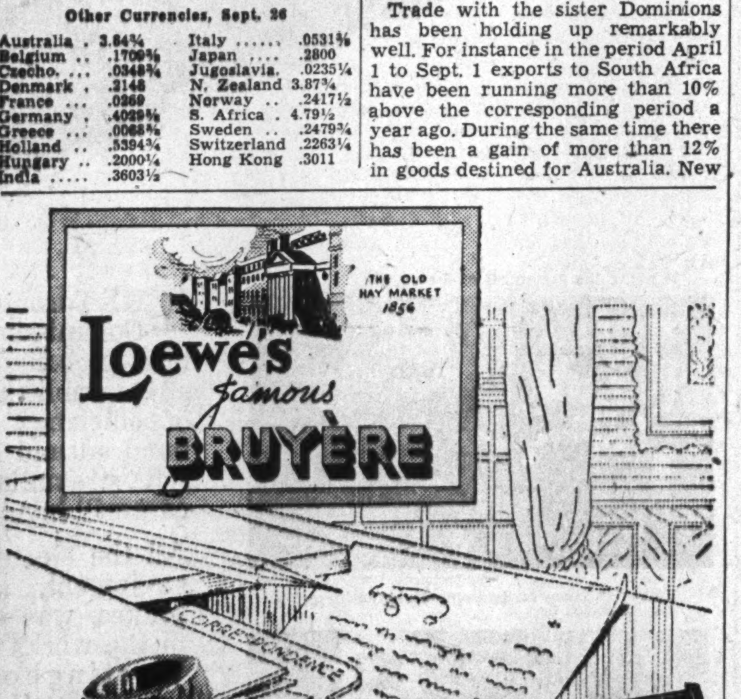
AT TORONTO AND MONTREAL

U. S. Dollar	High	Low
Sept. 26	1.00 1/16	1.00 11/32
Sept. 24	1.00 11/32	1.00¾
Sept. 23	1.00¾	1.00 11/32
Sept. 22	1.00 11/32	1.00½
Sept. 21	1.00 11/32	1.00 1/16
Sept. 20	1.00 11/32	1.00½

U. K. Pound	Closing	Last Year
Sept. 26	4.80½	4.95 1/16
Sept. 24	4.82½	4.95⅛
Sept. 23	4.83	4.94⅞
Sept. 22	4.84	4.95¼
Sept. 21	4.85½	4.95¼
Sept. 20	4.84½	4.95¾

Other Currencies, Sept. 26

Australia	3.84¾	Italy	.0531⅝
Belgium	.1709⅝	Japan	.2800
Czecho.	.0348¾	Jugoslavia	.0235¼
Denmark	.2148	N. Zealand	3.87¾
France	.0269	Norway	.2417½
Germany	.4029⅝	S. Africa	4.79½
Greece	.0068⅝	Sweden	.2479¾
Holland	.5394¾	Switzerland	.2263¼
Hungary	.2000¼	Hong Kong	.3011
India	.3603½		



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LONDON ENGLAND

August Business Improved Throughout Most of Canada

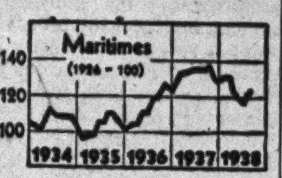
With the exception of British Columbia Canadian business gained moderately during August, according to The Financial Post's regional survey. Biggest gains were made in the Maritime Provinces and on the Prairies.

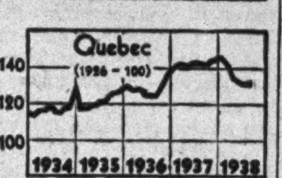
One of the most encouraging factors was the improvement in employment after seasonal adjustment, though this like other indices was not uniform in all areas. Electric power consumption was greater in Quebec and the Maritimes but slightly lower elsewhere. Bank debits were larger in the Maritimes, Ontario and the Prairies. Industrial indices gained in Quebec. While employment improved in British Columbia this was not sufficient to completely offset declines in exports, bank debits and insurance sales.

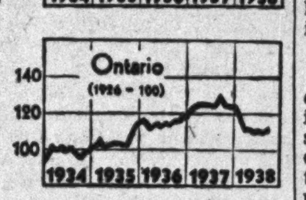
Trend of Business in Economic Areas

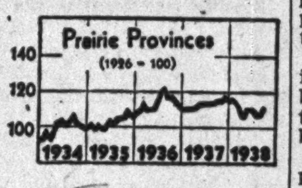
	Aug., 1938	Change from August, 1937 %	July, 1938
Maritimes:			
Construct. contracts .. $	2,001,000	+28.5	2,225,000
Building permits ..... $	273,000	+46.0	322,000
Elec. pwr. ... 000 kw.h.	74,100	—10.9	71,313
Employment*	113.2	—16.4	112.6
Bank debits ... $ 000,000	53.3	—7.9	56.1
Life insur. sales .. $ 000	2,219	—6.1	2,149
Exports .... $	5,835,541	—12.8	5,241,954
Shipping ...... 000 tons	408	—13.2	375
Index	123.6	—7.1	121.1
Quebec:			
Construct. contracts . $	6,750,000	—42.5	8,731,000
Building permits ..... $	1,278,000	+65.1	1,055,000
Elec. pwr. ... 000 kw.h.	1,085,720	—1.6	1,030,002
Employment*	118.1	—5.1	117.8
Bank debits .. $ 000,000	780	—11.0	869
Life insur. sales .. $ 000	7,824	—2.4	7,868
Raw cotton consump. lb.	8,657,518	+93.2	7,592,035
Newsprint output . tons	220,303	—30.9	202,546
Index	131.7	—7.4	131.0
Ontario:			
Construct. contracts .. $	9,927,000	+18.9	6,737,000
Building permits ..... $	2,832,000	+29.1	2,392,000
Elec. pwr. ... 000 kw.h.	594,097	—16.1	579,540
Employment*	115.8	—7.4	111.2
Bank debits ... $ 000,000	1,073	—6.7	1,087
Life insur. sales .. $ 000	11,618	—0.1	13,219
Livestock slaughterings*	129.5	—9.9	120.1
Steel product'n . L. tons	82,781	—34.7	83,927
Motor car prod. ... No.	6,452	—39.9	9,007
Index	111.3	—13.3	110.4
Prairie Provinces:			
Construct. contracts .. $	1,873,000	—12.7	1,767,000
Building permits ..... $	553,000	+11.9	734,000
Elec. pwr. ... 000 kw.h.	146,879	+1.0	145,948
Employment*	112.2	+2.6	104.9
Bank debits .. $ 000,000	308	—12.5	294
Life insur. sales .. $ 000	3,778	+7.4	3,947
Wheat receipts . 000 bus.	39,129	+97.8	2,973
Wheat prices‡ No. 1 Nor.	76/5	+41.8	98/3
Index	110.7	—1.9	107.9
British Columbia:			
Construct. contracts .. $	1,562,000	+48.9	1,698,000
Building permits ..... $	878,000	+43.0	1,728,000
Elec. pwr. ... 000 kw.h.	171,105	+8.5	160,971
Employment*	112.0	—7.8	107.1
Bank debits .. $ 000,000	157.5	—11.1	160.6
Life insur. sales .. $ 000	2,113	—10.7	2,592
Exports .... $	8,600,664	—24.8	8,475,110
Index	121.2	—5.6	121.9

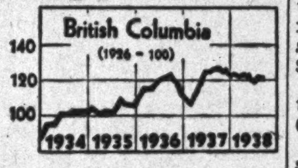
*1926=100.
‡Cents and eighths of a cent per bushel.











Background of Business

English Agriculture

Like Ontario's peach crop which has been known to survive several reports of complete failure in a single season and yet produce an abundant harvest, English agriculture likewise seems to survive.

A few months ago there were reports of devastating droughts. Some observers went so far as to predict almost complete failures of the grain crops. Now it turns out that the English wheat crop like that on the European continent has produced a harvest above average. Late fruit crops, pasture and similar things are in like proportion or at least they are close to average notwithstanding the heat and dry weather of July and August.

While English agriculture does not begin to support the industrial population of the United Kingdom at the same time the yields have an important bearing on Canadian exports. The difference between agricultural consumption and production in the Old Land normally equals the annual imports and when there are good yields of grain fodder and fruit in England, Scotland and Northern Ireland then there is less importing as a rule of Canadian wheat, bacon, fruit, cheese and live cattle.

This season, however, due to the continuing political tension that prevails in Europe any increase in the United Kingdom's agricultural output may go into storage for emergency purposes and probably a great deal extra imported foodstuffs as well.

* * *

Exports Down

Canadian exports recently have been running about 30% below a year ago. Loss has been particularly noticeable in shipments to United States where a decline of almost 45% in the five months ending August is reported by the Dominion Bureau of Statistics. This compares with a drop of almost 25% to the United Kingdom.

Trade with the sister Dominions has been holding up remarkably well. For instance in the period April 1 to Sept. 1 exports to South Africa have been running more than 10% above the corresponding period a year ago. During the same time there has been a gain of more than 12% in goods destined for Australia. New Zealand is the only one to show any decrease and this is a relatively small one amounting to 6.4%.

When all Empire countries are lumped together, however, including the important United Kingdom which accounts for 75% of our Empire trade there is a total decrease of approximately 20%. Drop in trade to all foreign countries is down 38.6%.

* * *

Wide Changes

This year there have been wide changes in Canadian purchases by more or less transient customers, countries like Japan, Greece and Morocco whose abnormal buying is probably dictated by emergencies either within their own boundaries or in countries bordering them.

Japanese imports which were soaring last year and the year before are down almost 60% in the first five months of the Canadian fiscal year. Italy's are down almost 30%; China's 55.8 and Morocco through which undoubtedly Canadian wheat, automobile tires and similar things have been going to Spanish belligerents are down 47.5%. On the other hand, there have been huge percentage gains in exports to Turkey, Hong Kong, Czechoslovakia and Greece, although the total is relatively insignificant as compared with all our foreign exports.

Biltmore Hat Sales Turn Up

Profits and Sales Down for Year But Outlook Brighter

Sales volume of Biltmore Hats has taken a decided upturn in the last month because of a seasonal trend and a backlog of orders caused by plant shut-down in July. It is reported that orders are now running ahead of production.

Sales and profits for the seven-months period ended June 30 were down slightly. During July the company's plant was closed down for three weeks, but settlement was reached with the striking employees.

Curtailment of production in July increased the decline in sales and profits but the company expects that the present acceleration of activities will do much to overtake the decrease.

Costs of materials and labor have increased during the year, but the company expresses satisfaction with the manner in which profits are holding up in comparison with other industries.

Interest Saving

A substantial saving in interest charges has been effected by replacing 7% preferred stock by 3½-4% serial debentures. In May, 1938, the company sold $175,000 of the debentures, and since redemption of the preferred stock required $222,090, approximately $47,000 was drawn from the treasury.

While the saving will not be shown in the first half of the year, it will be reflected in the operations for the whole year, and accrue to the benefit of the common shareholder.

In the year ended Nov. 30, 1937, preferred dividends paid amounted to $14,196, and $9,245 was provided for the redemption of the preferred shares. At Nov. 30, 1937, there were $201,900 of preferred outstanding.

Net profit amounted to $109,006 in the 1937 fiscal year, as against $119,687 in the previous year.

An initial dividend of 25 cents a share was paid on the common stock on July 15, 1937, equivalent to $1 a share on the old common stock prior to the 4 for 1 stock split made early in 1937. An extra of 50 cents a share was made on the old common stock on Jan. 22, 1937.

Can. Power & Paper Declares Interest

Will Pay 2½ Interest on Series A Debentures October 1

From Our Own Correspondent

MONTREAL.—Canadian Power & Paper Investments is notifying holders of the 5% series A 30-year debentures that an interest payment of 2½% will be made in Canadian, American or English funds on Oct. 1. This payment will be made only against surrender of interest coupon No. 12, dated Feb. 1, 1934.

Following the reorganization of the company about the middle of 1934, interest payments due Aug. 1, 1933, to Feb. 1, 1938 inclusive, were postponed to Aug. 1, 1938. Provision was made, however, so that so often as the company accumulates available income sufficient to pay one half yearly income payment, such income shall be applied yearly to the payment of interest.

Interest due Aug. 1, 1933, on coupon No. 11 was paid Oct. 1, 1937, on the basis of 2½%. Accordingly, the current payment represents the second declaration since the reorganization plan was approved.

SECURITIES SHOULD BE SUPERVISED
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West Kootenay Power Files Storage Plans

From Our Own Correspondent

MONTREAL.—The Dominion of Canada has transmitted to and filed with the International Joint Commission the application of West Kootenay Power & Light Co. for permission to construct and operate certain permanent works in and adjacent to the channel of the Kootenay River, for storage purposes, at Corra Linn, B.C.

The application will be heard in the town of Bonners Ferry, Idaho, on October 10 and in Creston, B.C., on Oct. 12.

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For the small sum of one dollar he can secure a monthly bulletin of agricultural conditions. Another dollar procures monthly reports on building permits. A like amount obtains monthly reports on the External Trade of Canada (Export and Import). These are only a few examples of the many reports obtainable from the Bureau of Statistics, a list of which will be sent to you on request.
A Book For Canadian Business Men
A mine of valuable information for the business man is the Bureau's annual volume, The Canada Year Book, which contains more than 1,100 pages of statistical information on resources, trade, finances, population, employment, social and economic conditions and many other subjects. The 1938 Year Book costs but $1.50. If you haven't already ordered your copy from the King's Printer, do so now.
Working Constantly To Improve Trade
Every business day the Dominion Bureau of Statistics, a division of the Department of Trade and Commerce, is constantly collecting and tabulating statistics and preparing reports on Canada's domestic and foreign trade—all so that the operations of government departments, financial institutions and private businesses may have reliable figures and information for their guidance.
The constant endeavour of the Department of Trade and Commerce is to promote an increasing volume of internal and external trade so that Canada and Canadians may enjoy greater prosperity.
DEPARTMENT OF TRADE AND COMMERCE
HON. W. D. EULER, M.P., Minister Ottawa J. G. PARMELEE, Deputy Minister

Urban Transit Industry Presses Drive for Modernization

A.T.A. Meeting in Toronto Spotlights Progress in Streamlining Facilities

Of the many phases of this continent's $5.7 billions transit industry spotlighted by the American Transit Association convention in Toronto next week, brightest focus will be on the drive for modernization. Through it the industry is seeking to maintain its place as a basic essential service in a swiftly changing world.

During the past 10 years, most intensively during the past five years, the operating facilities and methods of urban transit services have been undergoing far-reaching changes. Already the aggressive effort to orient transit to modern demands has gained an impetus comparable with the sweeping replacement of horse cars by electric cars at the beginning of the century.

But the present transformation is far more rapid, more comprehensive, than was the ousting of the horse cars.

Phases of the transit modernization of today include application of both old and new motive power sources in a wide variety of fresh forms, evolution of a broad range of new styles of vehicles. Still continuing despite the advances of the past few years is the introduction of new types, sizes and operating improvements for transit equipment.

Such headway has been made by the rejuvenation of transit that it is now reflected by an important proportion of the rolling stock that moves nearly 14 billion revenue passengers annually in the United States and Canada. Of the 38,000 surface rail cars operated in the two countries, fully 10% were put into service within the past 10 years and the past three years have seen introduction of close to 800 fast, noiseless, streamlined P.C.C. cars.

Even more spectacular has been the conversion and advancement movement in regard to buses. Last year transit systems operated 26,225 motor buses, of which over 16,000 were purchased within the five years 1933-37. In the new field of trolley bus development in its modern form, over 1,400 of the 1,700 trackless trolleys in operation are not more than five years old. The past three years has seen extension of the trolley bus development in the shape of appearance of 350 all-service buses, capable of operating either as trolley buses or as Diesel motor buses with electric drive.

The transit industry's bid to hold its place in the face of private auto competition and the increasing traffic congestion in large cities, is the streamlined P.C.C. car. Above, the first to be delivered of the 140 cars being built for the Toronto Transportation Commission by Canadian Car and Foundry Co., with motors by Canadian Westinghouse Co.

Even in regard to rapid transit (subways and elevated railroads), whose main advantage is speed arising from off-grade trackage, a tenth of the 11,000 vehicles running represent purchases for improvement and extensions during the past three years.

Capital Changes

The rapidity and concentration of the modernizing programme within a few years are reflected also in the huge capital structure of the industry. Latest figures show a gross capital investment of $5.7 billions in operating properties, of which $212 millions is in Canada. Of this total, over $525 millions or nearly 9% represents capital expenditures within the past five years for replacement or improvement of facilities. Included in the capital outlay have been expenditures for replacement or extension of "way and structures" but these have amounted to only 30% to 40%, so heavy have been the purchases of new equipment.

An interesting variety of factors have contributed the impetus for these tremendous spendings. There has functioned, of course, the natural impulse of an industry dependent upon a large mass of public support to reduce obsolescence to a practical minimum, to retain that public support, increase efficiency and cut costs, and adapt itself to swiftly changing conditions.

Also, the depression forced drastic curtailment of capital expenditures, especially for replacements, and some of the modernization of recent years consisted of overdue improvements. Annual U.S. purchases of surface cars, which reached its post-war peak of 3,168 in 1923, fell from 1,042 in 1929 to 48 in 1934. Even the mounting tide of bus purchases, which swooped from 240 in 1922 to 2,120 in 1928, dropped to only 709 in 1932.

An even stronger depression-born motive for modernization has been the bid to rebuild patronage and revenue totals, crumbled by the terrific impact of unemployment on urban populations.

After rising to a peak of $1 billion 84 millions in 1927, transit revenue was deflated in 1932 to $745 millions, below the 1917 level of $763 millions. Despite the strenuous effort for recovery, revenue last year had risen to only $779 millions. Revenue passenger total also attained its peak in 1927 (nearly 17 billions), dropped to 11.5 billions in 1932, and has since recovered to slightly over 13 billions.

The sharpness of these declines and closer analysis of the figures indicate that the industry in 1929-33 suffered from more than the effect of the depression, and point pretty clearly to the real source of the industry's troubles—the private passenger automobile. The depression in itself hit the industry badly enough, but from the broader viewpoint it served to intensify the accumulating effect of the competition from passenger autos and, to a certain extent, from taxis.

The excellent statistical review of the Transit Journal gives a breakdown of the revenue passenger totals as between street railways, rapid transit and buses. This reveals that the total of passengers carried by street railways passed its peak five years before the industry as a whole achieved its record in 1927, and by that year had fallen away by almost a full billion. Between 1927 and 1932, the street railway total dropped steeply by another four billion, while the rapid transit and bus totals, which had climbed briskly in the preceding five years, fell away only to a limited extent.

Bus Patronage Mounts

Equally significant is the breakdown for the past five years. The street railway passenger volume tended to level out after 1932, but has shown a slight further loss since then, from 7.5 billions to 7.3 billions. In contrast, the rapid transit total has held steady and is only slightly below its 1927 peak, while the bus volume has jumped from 1.7 billions in 1932 to 3.3. billions last year, including trolley bus volume.

In short, the recovery in the grand total of transit passengers since the depression, has been contributed entirely by the expansion in bus operations. Some of the rise in bus volume came from replacement by transit operators themselves of surface car trackage by bus lines, some from extension of bus lines instead of track services. But at the same time much business that might have been retained or recovered by rail cars has been captured by paralleling bus services.

The resort to buses and trolley buses in the industry's spirited bid for recovery, even the perfection of the advanced P.C.C. type of street car, springs from motives directly related to the competition of the private automobile. Chief advantage of buses and to a large extent of the P.C.C. car is mobility of movement in modern traffic, riding comfort and convenience comparable with the automobile, operating economy in moving light or moderate traffic volume, and elastic choice of routes.

The auto not only takes modest income earners away from transit, but hampers transit ability to render efficient service.

Coupled with development of huge urban areas and concentration of high buildings in downtown sections, increasing use of the private auto has produced terrific congestion of both business sections and through traffic arteries. This has necessitated a constant battle by transit operators to maintain frequency, speed and schedules of services. The difficulty has been aggravated by tendency to overlook the ability of transit vehicles to move large masses of people with far less occupancy of street space per passenger than the automobile.

A revealing analysis of the capacity of modern streets to move large volumes of people by private autos and transit vehicles is embodied in a study of mass transportation made earlier this year by Charles Gordon, managing director of the American Transit Association. It shows that a typical 60-foot, three-lane city street has a maximum capacity of 2,115 vehicles moving 3,700 persons an hour when used exclusively by autos.

When used by both autos and transit vehicles, the vehicle capacity drops to 1,215 an hour. But buses and autos jointly can move over 11,000 passengers an hour on such a street, and street cars and autos between them, 15,630 passengers hourly.

Other statistics were cited by Mr. Gordon to support his contention that there is no validity in the assumption that removal of rails from congested city streets, or the lavish building of elevated auto highways, would permit auto traffic able to move the traffic now handled by autos and transit systems. On the 60-foot street mentioned, autos and street cars move over four times the number of people handled by autos exclusively, while Mr. Gordon's estimate is that double decking of main traffic streets would not move more than twice the number of automobiles now accommodated by such streets.

Mr. Gordon's study not only reveals the continuing necessity for public transit facilities, but seems to indicate that the bus is by no means the final answer to the industry's problems of competition and traffic hindrance. Though the mileage of bus routes in the United States and Canada exceeds the trackage of rail cars, the number of buses and trolley buses in operation is still substantially less than the total of rail vehicles. And the revenue passenger total for buses is only 3.3 billion compared with 8.3 billion for street railways.

This is accounted for by the fact that the introduction of buses, and their most successful function, has been concentrated on routes where traffic flows are light or moderate and do not reach too formidable peaks at rush hours. The most extensive use of buses has been on feeder, extension, and limited traffic routes of the larger cities, and to a growing degree for replacement of rail facilities in the smaller towns and cities. Well over half of all bus operations is concentrated in centres of between 25,000 and 500,000 population, on a basis of either number of buses or bus trackage. In regard to rail cars, over half of all surface cars in operation, and all of the rapid transit vehicles, are running in cities of more than 500,000 population.

Economies of Street Car

This allocation as between bus and rail car operation is partly a reflection of the industry's feeling that the street car will remain for some time to come the most efficient and economical method of moving large masses of people. This applies especially to downtown rush hour situations in centres where traffic density does not justify the terrific cost of subways. To implement this conviction and cope with the competitive congestion of auto traffic, the industry has evolved the P.C.C. car (recently introduced in Toronto), with its fast pickup, noiseless operation, and modern comfort features.

The appointments and riding appeal of the new car are comparable with those of best buses and private autos, and the smooth speed of both acceleration and braking gives it the necessary manoeuvrability to cope with modern traffic flows. Transit operators regard it as the strongest bid in years to stem the flow of business from street cars to private autos and buses, and nearly 800 such cars are in service or on order for systems in 11 cities.

The appearance of the P.C.C. car has, however, elicited an answering bid for public favor from the bus manufacturers. Hitherto bus operation has functioned mainly in handling moderate traffic loads, the majority of buses in use are small, mobile units. The types usually favored are those with a seating capacity of 20 to 25.

But within the past few months, one of the leading producers of urban transit types of buses (Twin Coach Co.) has announced a new type of bus, obviously designed to challenge the street car ability to carry a large number of passengers per vehicle. The new bus has a seating capacity of 58 and a gross capacity of 120 including standees, about the same as the regular street car. The bus, hinged vertically at the centre to facilitate turning, can be operated either as an electric trolley bus or as a Diesel-electric unit without trolley.

Performance of the bus has not yet undergone very extensive test under actual traffic conditions. But it reflects the strength of the industry's urge to modernize, and may mark the beginning of a development extending the scope of bus operation into the mass movement of passengers from congested areas. Should this prove practicable, the transformation of the industry under way for the past few years will gain still further impetus and scope.

The use of buses as urban transit units has grown tremendously. A favorite type is the compact, nimble vehicle pictured above, with engine at rear and automatic centre door operated by a treadle.

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Montreal Canada

Under the Acid Test

New Transit Designs To Get Close Scrutiny At Toronto Gathering

Means of bettering urban transit facilities that move nearly 14 billion passengers annually in all parts of this continent, will get the acid test of scrutiny by nearly 1,000 transit operators and equipment manufacturers in Toronto next week. Advance estimates are that between 800 and 1,000 representatives of both producers and operators of the 80,000 transit vehicles in use on this continent will attend the 57th annual convention of the American Transit Association Oct. 2 to 6 inclusive.

The gathering will mark the first time in over half a century since the association began functioning in 1880, that the annual meeting has been held in Canada. Invariable selection of United States centres for A. T. A. conventions prior to this year has by no means implied lack of consideration for the Canadian section of the industry, but has been dictated by practical considerations.

One factor is that the Canadian industry has its own organization (Canadian Transit Association) embracing virtually all operators and manufacturers in the Dominion, and that such of these as belong also to the A. T. A. give Canada a limited representation in the larger body. However, the main reason for keeping the conventions south of the border has been that A. T. A. conventions have always been featured by extensive exhibits of transit equipment by the 300-odd manufacturers serving the industry.

"Sell More Rides"

But this year it has been decided to dispense with equipment exhibits to permit manufacturers to concentrate their efforts on preparations for displays at the New York World's Fair next summer. The A. T. A. executive committee has asked all manufacturer members to refrain from bringing any equipment to the convention for display in Toronto, even smaller items of equipment that could be displayed in the Royal York Hotel, meeting place of the gathering. The only convention exhibit will be an elaborate array of transit company advertising, focused on the slogan "Sell More Rides."

Suspension of exhibits and lack of need for display facilities inspired decision to pay a compliment to the Canadian industry and Canadian members of the A. T. A. by convening in this country. After abandonment of plans to meet in Atlantic City, Toronto was chosen partly because of the high efficiency rating enjoyed by the Toronto Transportation Commission system among American transit operators, partly in recognition of the T. T. C. purchase this year of 140 streamlined P. C. C. street cars, at a cost of nearly $3 millions.

When the convention opens, about half of the T. T. C. order will have been delivered and operation of the first cars in actual service will have been in progress only two weeks. Apart from one car ordered for tryout service in Vancouver, the Toronto system is thus far the only one in Canada to undertake modernization of its equipment with fast, noiseless cars of the design evolved by the million-dollar research programme of P. C. C. (President's Conference Committee).

Combatting Private Car

The P. C. C. was the executive body of a conference of heads of some 30 operating and manufacturing companies, convened through the A. T. A. eight or nine years ago, to survey means of combatting the inroads upon surface rail car revenues of the depression and the increasing use of the private automobile. The answer of the P. C. C. to the problem was to set up the Transit Research Corp. and raise over $1 million to finance the work of design, testing and perfection of what is now known as the P. C. C. car.

While scope and interest of the A. T. A. are much broader than operation of surface cars alone, a large share of attention will be focused at the convention on the particular problems of street car systems and specifically on the contribution of the P. C. C. car. A feature of the convention programme will be the "experience meeting" of the engineering wing of the Association, to canvass the results of P. C. C. car operation in the 11 cities where equipment of this design has been introduced.

Detailed reports and statistical data will be presented at this session, covering the performance of the cars in holding patronage, attracting new business, in improving operating efficiency, and in reducing costs of operation and maintenance. Figures will be presented showing effect of P. C. C. car operation on traffic volume, revenue, operating speed, platform costs, accidents, power consumption and maintenance, and experts will discuss special features of the car such as heating, ventilation, lighting, trucks, wheels, and effect on track structures. General discussion will be led by C. F. Hirshfeld, chief engineer of the Transit Research Corp.

Air-Conditioning

Features of the programme of the sectional meetings will include discussion of the air-conditioning of transit equipment, progress of development in trolley bus (trackless trolley) design, the place of Diesel-engine coaches and all-service (trolley or Diesel) buses in transit operation, and use of new alloys and modernized equipment in improving transit vehicles. At special sessions of the advisory council, transit company executives will review social, legislative and economic problems facing the industry.

What is described as "the industry's most-talked-about major problem," the question of industrial relations and value arbitration of labor disputes in stabilizing these relations, will receive special attention. The opening general session of the convention will be devoted entirely—apart from the annual address of A. T. A. President Charles W. Chase, head of the Indianapolis Railway Co.—to discussion of the principles, problems and possibilities of labor arbitration. The forum will be led by Franklin E. Parker, Jr., president of the American Arbitration Association, and Prof. Herman A. Gray, New York University.

Nemac Comments On Paper Supply

European Buying Involves War Risk — Views Canadian Situation

From Our Own Correspondent

MONTREAL.—United States publishers who rely on Scandinavian sources for the 1939 newsprint supply are taking risks involving war possibilities, says a bulletin issued by the Newsprint Association of Canada to Canadian newsprint companies.

It is pointed out that some publishers, in an emergency, are likely to rely upon Canadian mills to obtain spot tonnage. They base their belief, the bulletin says, on the substantial capacity which is at present idle, and which the publishers think means unlimited open tonnage in 1939.

The manufacturers are asked to warn their customers: "It is thus quite possible for a manufacturer to have considerable idle machine capacity but to be unable to translate this into newsprint for some weeks or months, either because he has limited his cut of wood or because he has not kept all his machines in shape for immediate operation."

The bulletin points out that during the latter half of 1936, when a sudden fall occurred in demand for newsprint, there was, at that time, a substantial amount of idle machine capacity. However, many publishers were unable to obtain the tonnage they wanted, since manufacturers had cut their wood for 1936 in accordance with earlier contract estimates, because idle machines required conditioning.

New Managing Director

W. Sidney Kidd has been appointed managing director of The E. B. Eddy Co. Mr. Kidd has been assistant general manager of the company. He succeeds C. V. Caesar who is retiring because of ill health.

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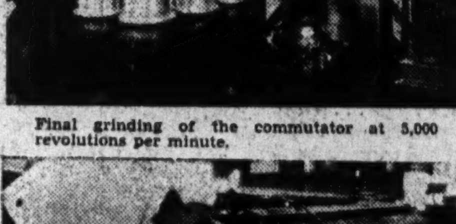
Winding the armatures of the motor.



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Final grinding of the commutator at 5,000 revolutions per minute.

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All the electrical and control equipment, as well as the brakes, was **made in Canada** in the works of the Canadian Westinghouse Company Limited at Hamilton, Ontario. Pictures on each side show the equipment in various stages of manufacture.

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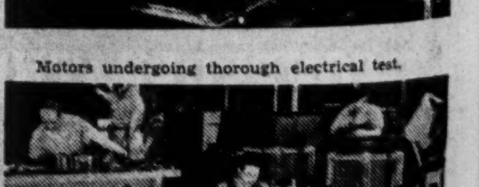

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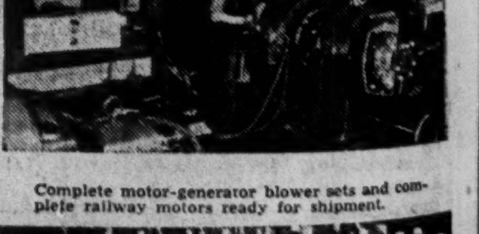

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The Germany Behind Impatient Hitler

Crowds Roaring Heil Seen Just as Fickle As in Other Countries

By FLOYD S. CHALMERS
Editor, The Financial Post

A greater Germany than the Kaiser's is now threatening the peace of the world. The maps, prepared by the New York Times, show the changed picture.

Prime Minister Chamberlain—Put Peace Before Pride.

—Maps by New York Times.

After the war Germany's area was reduced to 186,627 square miles; its population to 59.8 millions. With the Sudeten area added Germany would cover 222,068 square miles with 77.4 million people.

BERLIN.—Since 1933 crisis has followed crisis in Europe. They develop suddenly and frequently. Everyone becomes frantically afraid that war is about to break out. Yet no one can ever point to a single person or a single nation who could honestly be accused of desiring to precipitate a war.

This crisis of the past few weeks has been the most critical of the many post-war periods of tension in Europe.

On one day in mid-September a well-informed banker in Berlin told me that war might come before night. "We are getting ready and putting our foreign balances in a position to meet any development," he said.

It was just then that Prime Minister Chamberlain of Great Britain made his boldly dramatic flight to see ex-Corporal, now Reich Chancellor Hitler. The news of his great effort to save the peace aroused people to tremendous excitement on the streets of Berlin, Paris and other European capitals. They hardly knew what to think when the political head of the greatest power in the world put peace before pride to make a personal appeal to a man who 15 years ago was sitting in a prison cell.

To the German on the street his action brought no feeling of arrogant pride, no feeling that Britain had been humbled in tribute to the new might of Greater Germany. Rather, the feeling was that Britain, or at least Mr. Chamberlain, understood the Reich's position in relation to the Sudeten Germans in Czechoslovakia, and would seek to find a fair way out of an almost impossible and acutely difficult impasse.

Hero of German People

What went on in the mind of Hitler may have been something different. I do not know. But Chamberlain was for the moment the hero of the German people, who fear war as we Britons fear it.

People in high places in Berlin would not admit that war was possible. "Hitler will not declare war. He may have to act forcefully in Czechoslovakia to get justice for our own people there. But why should that mean war in Europe? Why would France, why would England attack Germany? This is a matter of justice for Germans and need not concern those countries. If war comes it is not our fault." But the man on the street was genuinely fearful of war, He was afraid that while his adored leader had no desire for war he might do some mad act that would make war inevitable.

Many people said to me, "Just think of the horror of it. Within 24 hours French airplanes may be dropping bombs on our homes." In hotels, signs pointing to the gas-proof, bomb-proof cellars were hung up.

The little merchant and the smaller manufacturer and the upper middle class knew what war would mean to them. It would mean the expropriation of their business enterprises; it would mean inflation and the wiping out of their capital. Worse still, it must mean ultimately the collapse of the whole National Socialistic regime.

What would take its place they were not sure, but they were afraid that it would be Communism. Russia was waiting, they said, for the nations of Europe to go to war and eat each other up. Then, at the right moment, Bolshevism would sweep across Europe.

No One Wants War

No one in Europe wants war. Germany does not want it. England does not want it and is not ready for it, although there is a strong group in England which feels that war is inevitable, and that it had better be fought now before Germany becomes a powerful nation to dominate all Europe. The French do not want war. The Sudeten Germans do not want war. In fact if Lord Runciman had been able to negotiate with Herr Henlein alone, and without dictation from Hitler forcing a belligerent attitude, the whole Czecho crisis could have been settled weeks ago.

The Sudeten Germans do not want war because they know that the first battles would be fought in their own villages and on their own farms. They know that the first phase of the war would not be war but massacre. The Czechs would waste no sympathy on the Sudeten Deutsch leaders. "We have a tree for every traitor," a high Czech staff officer told a friend of mine.

How Can It Happen?

When no one wants war in Europe, how then can it happen that crisis after crisis comes?

Chiefly it is because Europe is afflicted with the war psychosis. The mad rush of armament creates economic as well as political tension. And today the most powerful man in Europe is a man whose moves are completely incomprehensible.

There are Germans who will tell you that Hitler is a madman. I doubt it. But the adoration of the multitudes has fed his determination to achieve by blackmail or force that "justice" which Germany has been denied since Versailles. He is not entirely reckless but he no longer cares for "talk." He is the man who has brought Germany out of the disillusionment and despondency of the postwar period to a position of achievement and triumph endowed with spiritual vigor and economic strength. He is beginning to feel his power, as all dictators do when they reach a certain point.

No Need to Ask Justice

Hitler feels that he need no longer plead for justice but that he can go out and obtain it at the point of a brandished sword. Whether Hitler ever intended to use the sword and whether Germany was really ready for war are other questions. They deserve longer study but at the moment I would say the answer is "No" to both questions.

If war breaks out in Europe it will be because Hitler was impatient and could not wait to obtain what he wanted by means of conciliation and diplomacy. "What did conciliation and friendliness for other nations ever get for Germany?" is what every German asks you, as he seeks to explain the militancy of Der Fuehrer. Hitler himself said, in effect, in his last famous Nuremberg speech: "When we were weak the nations liked us. Now that we are strong they all dislike us and criticize our policies."

Would Germany follow Hitler to war? Without a doubt it would. It is very difficult to know just how solidly the people of Germany are behind Hitler. One gets very conflicting reports even in Germany. My impression is that the great mass of the public is strongly behind him. The middle classes, the business and social leaders continue to support him, but not for the same reasons. But there is a minority group in every class who are tired of the restrictions upon speech and travel, weary of the shackles on their daily life; who feel a sense of shame at the terroristic methods adopted against the Jews, who are tired of the constant increase in taxation and the unceasing petty demands of the Party Organizations for dues and contributions.

Support With Reservations

These people support Hitler with reservations. They feel that he has done for Germany what never could have been done by any other man. They recognize he has given Germany strength and prestige among the nations, that he has united the diverse elements in Germany; has organized commerce and business and social life; that he raised the standard of living of the people. The bread is dark and the butter scarce. But every one has some bread and some butter. They give Hitler credit for having saved Germany from Bolshevism. The foreigner is apt to scoff at the constantly repeated claim of Hitler that Nazi Socialism has saved Germany from the rule of Moscow.

I am convinced that there is more in the claim than we across the ocean recognize.

Reds Now Nazis

I talked in Berlin to one man who employs 300 people. Before Hitler came to power every one of his employees was a Red. He was consequently subject to the stern demands of the communistically-minded labor leaders. He said that had the German misery of 1933 continued for a few more weeks nothing could have stopped the establishment of Soviet State.

Today his workers are all members of the Nazi Party. He hears nothing more of Communism. Life is not as easy for him as it would be in London or Toronto. His taxes are high and his profits sharply limited. But though limited they are certain. He is often subject to embarrassing demands from the Party. For instance, during the Nuremberg Congress, members of the Party who wanted to visit the Congress had to be permitted to go and to be paid their full wages. The absence would be counted against them as regular holidays with pay, but to some small businessmen this proved very embarrassing when three out of four of their employees decided to go to Nuremberg at once.

This man told me that he had no great faith in the apparent loyalty of his employees for the Nazi regime. "Our people are as fickle as the people of every other country. They can easily turn on Hitler if conditions get bad or the iron control is relaxed. Within 24 hours they would be following another leader giving him the loyalty that they now reserve so fervently for their Fuehrer.

In the upper business and financial circles in Germany there is an increasing suspicion that the miracles of Dr. Schacht and the Ministry for Economics in financing German foreign trade and in finding money for the tremendous armament outlays and for the large-scale rebuilding of Germany that is apparent in every city and countryside, may be miracles that must some day come to an end.

They have long been expecting the miracles to cease but they never have ceased yet. It is difficult to obtain the information on just how strong Germany is in a financial and economical sense. Of this I shall have more to say in a later article. But it is obvious that money is being spent by the Government on a scale that strains the taxable capacity of the people. Germany is now living on capital. Yet she gives little indication of slowing up the spending programmes upon which she has embarked. But is this not true of the U. S. A., of England and of Canada too? Do we too not spend beyond our resources?

There are today in Germany 30,000 Italian workmen who have been imported because of the shortage of labor. No very real problem of foreign exchange control is involved in permitting these men to take their wages out of Germany when they leave. The financial agreements between Italy and Germany are such that the two nations are almost one so far as money is concerned. The Italian workmen are paying for German goods sold to Italy.

Too Much Spending

Nevertheless, a nation that is straining its resources in order to build up its defenses in order to create vast social services on a scale known in no other country; in order to build impressive motor roads and new buildings on a colossal scale that is matched only in Washington, should not be hiring foreign workmen. There are too many people empowered to spend money in Germany. The Government spends; the Party spends; the Army spends. Only one man is in a position to co-ordinate all these expenditures. He sees only his dream of a greater Germany. He will not let his followers take a generation to make his dream come true. He insists that all be done at once.

Part of the secret is that labor time that is wasted in idleness in Canada is used constructively in Germany. There are no huge relief bills. Everyone works, and everyone must work. It is better for people to be busy building a road or planting a forest or putting in pill-boxes than to sit around their homes all day doing nothing.

Only the iron regimentation of a dictatorship can make such productive use of the labor resources of the state.

Thus the creative work increases the taxable capacity of the people and much of the work pays for itself. But not all. There is still some drain on capital and if one could get the facts to know how much then one could say how long it may be before the strain becomes too great.

The Best in Germany

Before coming to Berlin I was at the Party Congress at Nuremberg. Here one saw "Grosser Deutschland" in all its might and power. Here Hitler paraded his mighty armies of children, youths, labor-service workers, party leaders and mechanized soldiers that are the outward aspects of a regimented state. Nuremberg was a demonstration of the best in Germany. It was also an exhibition of the things which lead the foreigner to wonder what the new Germany stands for and what it may mean to the outside world.

I never saw so many uniforms. There were probably 750,000 men and women in uniform in and out of Nuremberg during the week.

The German explains that the uniforms are misinterpreted if they are regarded as turning all Germany into a vast garrison. They say that in a highly organized modern State, parades and uniforms and spectacles are merely part of the paraphernalia of organization.

Great and overpowering demonstrations of loyalty to Hitler were part of every day's programme. They were so well organized, by men so clever in the use of the dramatic arts, that one could not tell whether or not the cheers and the applause were sincere and heartfelt or whether they were the product of the emotions of the moment. Probably they were sincere. Probably, when the German people give to Hitler an ovation matched only by the loyalty of the British people to their throne, they are just as sincere as were the crowds in England at the time of the Coronation in 1937.

There was much at Nuremberg to make one feel that Germany really has something to show the world. Germany is, for instance, showing Democracy that the waste labor of the unemployed can be turned into things of enduring beauty.

Not All Bad

National Socialism is not all bad. Much of it, in fact most of it in the domestic field, is so good as to be deserving of study to see how its successes can be achieved under Freedom and Democracy.

But under National Socialism there are things that would never be tolerated for one minute in North America. The whole effect is spoiled for the visitor by the relentless frenzied appeals to hate of other nations. The jeering references to Britain and the Democracies (countries seeking to be friendly with Germany), the frightening preparations for war. All these things make one wonder if, in the long run, National Socialism can contribute permanently to the happiness and well-being of the German people and to peace and understanding among the nations of the world.

At Nuremberg I saw many evidences of the frantic preparation for war. These preparations are, of course, not confined to Germany. In France and England and other countries on the Continent, the pace of rearmament is hot.

At Nuremberg Germany's allies were well represented. There were Hungarians, youths from Franco's army, Fascists from Italy, Arabs from Iraq.

All were people whom Germany wished to impress with her might and power; people whom Germany wishes to use to stir up trouble for other countries.

The Hum of War

The air at Nuremberg seemed filled with airplanes. The roads rumbled constantly with the sound of heavy trucks armored cars and mounted guns. Supplies of foodstuffs in military lorries, were seen rushing toward the Western Front and past villages where there was a shortage of white flour, butter, margarine and fats.

On the Western front, Inspector Todt, of the German highway system, has an army of 500,000 workmen under him working for "defense." Hitler gave some figures in his last speech. There were 380,000 workmen in Todt's army working on fortifications, and 100,000 men of the Labor Service, as well as numerous engineers, experts and troops.

We came to Berlin and found preparations for war on every hand.

Trucks belonging to private concerns are being commandeered and taken to the fortified areas for service. I saw 23 assorted trucks being drawn by one tractor; 12 by another. A few minutes later there passed along the historic Wilhelm-strasse several score of working horses also being led to serve the defense of Germany. Dance halls have been taken over for the storage of food. "Germans can dance in the streets" said Field Marshal Goering.

Curiously enough, the people seem to pay little attention to these preparations. Perhaps they have been going on for so long that they accept them as a matter of daily routine. Less attention was paid to Goering's outline of the extent of Germany's new defenses in the West, than to a sentence in his Nuremberg speech that was not even published in many English and American newspapers. This was his promise that after October 1 people would be given more white bread and better food all round. Can Goering keep his promise, while the whole nation is being thrown into the business of organizing for defense? How can he?

Berlin Tension

In Berlin the tension has been very great. People anxiously waited Hitler's final Nuremburg speech. The morning before it was delivered I asked a high Nazi official, "What will the Fuehrer say today?" He replied, "What he says will mean peace in Europe." In one sense it did, in that it did not convey any ultimatum and was very largely a repetition of what he had said over and over again for many months.

The manner in which the New York stock exchange rose immediately upon receipt of the speech was a little surprising to those of us who were in Berlin. We could not find in it any evidence that a way could quickly be found out of the Sudeten-Deutsch crisis. It was the old familiar cry of "Give me justice . . . or else!" The "or else" was not specified.

My wife and I listened to Hitler's speech, seated before a radio in a certain interesting home in Berlin. Hitler's voice is too guttural to be entirely effective over the air. But it has a brilliance and color as we discovered when we heard him in Nuremberg the week before and when we heard it at first-hand rather than over the air.

The address lasted 83 minutes. In the course of it, he was cheered 59 times; he aroused laughter five times; he raised jeering cries of "phui" four times. He was interrupted five times while cries of "Sieg Heil" rolled around the great hall in emotional waves.

"It might have been worse but it is not good," my host remarked as we went in to dinner.

Next morning the news from Czechoslovakia was very bad. More Germans were killed in rioting. Martial law was declared in several towns. The newspapers came out every hour with appeals to prejudice and hate.

Foreigners in Berlin became almost panic stricken. The Germans themselves were calm enough outwardly but it was not a genuine article. They hoped for the best and feared the worst; that if more Sudeten-Deutsch were killed during the day, Hitler would give the order to march.

British citizens were advised to leave Germany without delay unless they had most pressing reasons for staying.

Official German people laughed at this advice. They put their hands on their hearts—a characteristic German action—and assured foreigners there was not the slightest chance of Hitler doing anything foolish or of war breaking out. The most that could happen was that Hitler would give orders to step into Czechoslovakia to protect the Sudeten-Deutsch. But this would not mean war because England and France surely would not think of mobilizing to prevent Germany protecting a group of people who had always been Germans!

The French and the English had themselves introduced at Versailles the doctrine of "self-determination," they said. How then could they prevent that doctrine from being applied now to save the peace of Europe and to bring those "tortured" Germans back into the country where they wanted to be?

French-Canadian Example

They asked us further questions. "Why did not the Czechs treat their German minorities in the way the English in Canada treated the French-Canadians?" If the Sudeten Germans had the same rights as the French have in Canada there would never have been any trouble in Czechoslovakia and the peace of Europe would never have been menaced, they said. I said to them that the answer to that question was perhaps another question or two: "Why does not Germany treat its own minority groups in the way the French have been treated in Canada? Why does Germany seek the way of blackmail and militancy to gain 'justice'? And why Czechoslovakia alone? What about other German minorities, worse treated?"

To these questions the answer was always a shrug of the shoulders and the comment, "You English always say that."

The rights and wrongs of the matter are by no means as simple as Hitler has declared them to be. The problem is a historic one, that has existed for centuries. It has been a critical one, time and time again, for at least 90 years.

Before 1914 there was constant clash among the racial groups of this area. Only the strong dictatorial power of Hapsburg absolutism prevented the problem becoming years ago a possible cause of war in Europe as it is today. The Czechs have treated the German minority very niggardly, to say the least, and have given them much less than justice. But compared with the treatment given German minorities in Italy and other countries, and compared with the treatment Germany herself has given to her own minority populations, the minority Germans in Czechoslovakia have little reason to feel hurt.

But Hitler has made Sudeten-Deutschland the spearhead of his campaign to reunite under "Ein Volk, ein Reich, ein Führer" the German-speaking people of Central Europe.

But it does not follow that Hitler wants more of Czechoslovakia than the predominantly German area. He has said many times that he desires no racial minorities. Germans tell you that for Germany to take over all or any large part of Czechoslovakia means creating another minority problem within Germany which is contrary to the whole German philosophy of race.

Other Ambitions

If Hitler, by blackmail or force or diplomacy, achieves what he wants in Czechoslovakia, it does not necessarily mean calm and peace for Europe. Hitler has other ambitions. There are other German minorities living on the borders of Germany who will shortly be presented to the world as "tortured" groups of people struggling in the grasp of bitter tyrants. It may be Memel next; or the Polish corridor with Danzig. Wresting these again for Germany will come in time. It may be in time that small area of Belgium where 150,000 Germans live. It certainly will not be Hungary where there are 500,000 Germans, or Italy where there are 270,000 Germans, denied the use of their German names, their German language, their German schools. Germany will not attack the Italian and Hungarian minority question for many years yet, because she has not any real allies in Europe except Italy and Hungary.

It may be that Hitler's next drive will be in another direction, that colonies will become the chief claim to provide a new crisis.

The question of the limit of Hitler's ambition is a fascinating one to study. I have discussed it at great length with all classes, both official and unofficial. What they have told me will form the basis of another article. The whole question is one of determining how sincere the Germans are in claiming they want all the Germans under the Reich, but no one who is not German.

For the moment I have had enough of crises. My wife and I have, during the past week, experienced as much excitement as the average easy-going Canadian can stand. So for a few days, while statesmen of Europe wrestle with this problem, we shall seek a brief rest. We are going to drive through peaceful Switzerland and find ourselves an Alp to sit upon.

In the meantime, if war is avoided, this crisis may be resolved either in compromise or in victory for Hitler. This will give Europe a few months or weeks in which to rest. But if it is so resolved, it will not mean the end of the pressure in Europe. We have not yet liquidated all the sorry mistakes of Versailles.

And that is just what all these crises mean. The "war to end war" ended in the "peace to end peace." It is a bitter struggle now to find a "peace that will end war."

Your Investments

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Twin City

The purchase of Twin City Rapid Transit 5½% bonds has been recommended to me. Would you please give me some information on these securities.

Twin City Rapid Transit Co., formed under New Jersey laws in 1891, owns and controls through operating subsidiaries the entire street railway systems of Minneapolis, St. Paul and vicinity.

The company was an eminently successful and well-managed concern for several decades. The 7% preferred dividends were paid from 1894 down to the end of 1931. Common dividends starting in 1899 were paid in every year to the end of 1930 at varying rates. The company began to experience a decline in traffic in 1921 which was due primarily to increased use of the private automobile and it was aggravated in the depression years by unemployment and unfavorable business conditions. Every effort has been made to offset the decline in revenues and to reduce operating expenses.

Income from operations declined in the depression years, but in 1937 and 1936 some improvement was evidenced. Net profit in 1937 totalled $459,961, against $649,486 in 1936. Bond interest was earned 1.56 times and 1.66 times, respectively, in these two years.

Reports for the first six months of the year ended June 30, 1938, showed a substantial decrease in earnings, with net profit dropping to $54,301 from $404,042 in the corresponding period in the previous year. Operating revenue dropped to $4,315,618 from $4,749,964 in 1937.

The company has encountered labor difficulties and increased labor and tax costs have militated against profitable operations.

City of Oshawa

Will you kindly furnish me with information on City of Oshawa debentures.

Oshawa has steadily reduced its debenture debt in the past seven years. The city retired $360,000 of debentures in 1937, but issued $70,000 of new bonds to cover part of relief costs. Until that time all relief costs had been met from current revenue. Bank loans were down from $667,000 in 1936 to $365,000 at the end of 1937.

Current revenue exceeded expenditures by $41,018 in 1937, compared with a deficit of $83,380 in the previous year.

Tax arrears have declined from $416,154 in 1935 to $385,727 at the end of 1937. Current collections were 84% of the levy in 1937 and 81% in 1936, while total collections were 106% and 105% respectively.

The city has met interest payments on its debentures regularly.

Dom. Gas & Electric

Would you please give me your opinion on the 6½% collateral trust bonds of Dominion Gas and Electric Co.?

Dominion Gas and Electric Co. is a holding company, controlled by International Utilities Corp., and holds control of three public utilities operating in Alberta and Saskatchewan.

At Dec. 31, 1937, there were outstanding of 6½% collateral trust bonds. The chief public interest in the company is in these bonds, secured by shares of three of its subsidiaries, Canadian Western Natural Gas, Light, Heat and Power, Northwestern Utilities and Canadian Utilities.

Fixed charges before depreciation and amortization but after deduction of prior charges of subsidiaries, were earned 4.33 times in 1937 and 3.97 in 1936. After depreciation and amortization fixed charges were earned 2.54 times and 2.27 times, respectively. Net profits have moved upward since 1932. The 1937 annual report of the company showed further improvement in revenues and net profit. Subsidiary companies reported progress.

Investment experience in this issue so far has been satisfactory. The future depends on the earning power of its subsidiaries, which are largely controlled by conditions in the areas served.

HEADS ACCOUNTANTS

At the annual meeting of the Dominion Association of Chartered Accountants at Halifax, William E. Hodge, F.C.A., of Moose Jaw, was elected president for the year 1938-39.

N. B. Telephone

One of the Saint John newspapers charges rates of New Brunswick Telephone are too high. What is your opinion? Would a reduction in rates affect earnings? I should like a report on earnings of the company.

New Brunswick Telephone Co.'s operations are subject to control of the New Brunswick Public Utility Commission, which fixes a schedule of rates to enable the company to pay 8% on its outstanding stock. As it is not earning 8% at the present time, it does not appear that the rates can be too high. Because of this, it does not seem probable any application to the Public Utilities Board for lower rates would be successful.

In 1937 the company earned 59 cents a share on its common stock, compared with 55 cents a share in the previous year, and 53 cents a share in 1936. The company is now paying quarterly dividend of 12½ cents a share, which is equivalent to 50 cents a share annually. The dividend rate in recent years has followed earnings closely. Working capital of the company amounts to $203,000.

Operations in the current year have been fairly satisfactory. Toll revenue has declined, but the number of stations in operation have continued to increase.

Imperial Oil

How do you regard the shares of Imperial Oil as an investment?

Imperial Oil, as the largest company engaged in the refining and distributing of petroleum products in Canada has always been a favorite investment medium for Canadians.

The company's dividend policy in recent years, involving as it does the payment of dividends considerably in excess of profits, has raised a number of questions with regard to prospects for the stock from the investment standpoint. Last year Imperial Oil reported net profits of 98 cents a share and paid dividends totalling $1.25 a share. This resulted in a reduction in earned surplus of $7.3 millions, but this account still contained $58.6 millions at the end of the year. Prospects for Imperial profits gaining in the next year or two to a level which would cover the current dividends are difficult to estimate and so long as this trend continues investors must remember that either profits will have to gain sufficiently to cover the dividend or the dividend will have to be reduced eventually.

Most important source of revenue for Imperial Oil is income from its subsidiaries, largest of which is International Petroleum. Last year the company's profits from Canadian refining and marketing operations were equivalent to 13 cents a share while 85 cents a share came from subsidiaries. Extensive interest in the production of crude oil bought through International Petroleum in South America and through Royalite Oil in western Canada, permits the company to take full advantage of price changes in this field.

Current yield on the stock of around 7.6% appears to discount any uncertainty which may occur in the company's outlook and provide for an attractive return.

Laura Secord

I hold Laura Secord shares which I bought at $71. I am wondering whether it would be advisable to dispose of this stock.

The shares of Laura Secord Candy Shop are highly regarded, and dividend requirements have always been well covered.

The company's business has been quite stable and came through the depression years in good shape. It is unofficially reported that sales and earnings for the year ended Sept. 30, 1938, will show an increase over those of the previous year. It is also stated that there will be no bonus for shareholders for the 1938 fiscal year. It was suggested there might be by Frank P. O'Connor, president, at the annual meeting.

The price at which you bought the stock is high, but viewed in the light of decline during the present year in other stock prices, is probably not out of proportion.

Working capital of the company stood at $1.9 million at the end of the year and has shown improvement for a number of consecutive years. Surpluses have been built up despite regular dividend payments and at Dec. 31, 1937, surplus in the balance sheet was $1.2 million.

Traps for the Investor

"Protective" and "Advisory" Services Operated by Financial Racketeers

Parasites operating on the fringe of Canada's legitimate investment business have evolved a white collar variation of the American "protective association" racket—keystone of gangster methods in the roaring twenties.

With the new version of "protection at a price—or else" has come a flood of pseudo "financial advisory services," less vicious than the protection racket, but also aimed at separating unwary mining promoters and mining shareholders from their money.

Investigation by the Toronto Better Business Bureau has uncovered a maze of new financial rackets, and new types of older methods now useless in their former guise because of security commission regulations. Racketeers deprived of their licenses to deal in securities are the "brains" behind the new schemes which are vastly more difficult to recognize than the relatively barefaced efforts of eight years ago.

Armed with an up-to-date sucker list, a group of Toronto's financial underworld met in a downtown office a few weeks ago. The net result of its conference was a new investment "protective association." Such associations are common enough in the case of company reorganizations, where different classes of shareholders form protective bodies to guard their own interests during the reorganization period.

But the purpose of the "protective association" was very different to that of a legitimate protective group. Into the mails, addressed to Canadian shareholders in various companies, went a printed circular, announcing the result of the deliberations of a "group of investors," deploring the fact that innocent mining investors for years have been at the mercy of unscrupulous brokers and promoters, and offering to do something about it—for $5.

Double-Edged Aims

Regretting the limited power of security commissions—although the regret may have been tempered with some mental reservations—the "protective association" stated its aims in the circular. These objectives, with passing comments are given below:

"1. To carry on where governmental authorities leave off, and to investigate the mine making possibilities and intentions of the properties and promoters concerned."

A modest claim, having a hidden bludgeon in the announced plan to investigate the "intentions" of promoters, with all that "investigation" might demand as evidence of good faith. Whether good faith could be demonstrated in the form of hard cash is not stated, but anyone can draw his or her own conclusions when it is revealed that the mastermind behind the "association" was found by Better Business Bureau investigators to be an ex-convict, former publisher of a so-called mining newspaper noted for its promotion efforts. His jail record for fraud, theft and other crimes dates back to 1914.

"2. To investigate and report on present stock holdings of members with a view to ascertaining the present or future intrinsic value."

This is the time-honored method of "analyzing portfolios" for the purpose of switching "members" into stocks that are to the profit of a promoter.

Chance for Hold-up

"3. To investigate and report upon any new mining companies seeking finances from the public. . . . Although the security commission may grant a company or broker permission to sell shares it by no means implies that the Government in any way thinks well of the mine-making possibilities of the property."

Again, the "protective" feature which can operate in more than one direction. It is doubtful, for example, if the promoter of a mining property who happened to belong to the ex-convict's "association," or whose good "intentions" had been determined, would find his promotion condemned. If, however, a promoter declined to join the "association" it is also doubtful if he would be considered the proper person to be financing a mining project.

"4. To replace the insidious so-called 'bulletin services,' 'tipster sheets,' 'mining counsel,' now being so freely offered, which are all, we believé, either sponsored by some broker having some doubtful shares to push or by which the operator of the 'service' obtains handsome commissions for boosting the merits of some stock."

An almost too-intimate knowledge of "tipster" methods is revealed in this righteous declaration.

"5. To investigate for members any transaction in which the member may feel that he had been imposed on and induced to invest by reason of false or exaggerated statements. (In case of legal proceedings the association will pay legal fees up to $25.")

Apart from calmly assuming the duties of security commissions, the "association" by this means could obtain an endless series of complaints against promoters, brokers, or mining companies, demanding "settlements" for real or imagined grievances in lieu of court action. The nuisance value of this "clause" is incalculable.

Share Pushing Technique

For all these services the "association" asks merely $5 a year for membership, from which "you will from time to time receive a newsletter of happenings of importance concerning mines and mining." What this may mean in the way of promotion revenue to the "group" of investors who formed the "association" is anyone's guess, in the light of opportunities frankly outlined in Clause 4 of the "association's objects."

Flood of "Literature"

Sheafs of "market letters," "bulletins," "advisory services" and similar literature emitted by the streamlined financial rackets of 1938, range from ludicrous, poorly written appeals to the style of English used by bank presidents in discussing the economic outlook. Most ask for a small fee, but others, without identification except an obscure address, offer financial advice "on trial."

Basis of these attempts to collect easy money is the sucker list. Almost everyone in Canada is on a mailing list of some kind, since these lists, whatever the source, can be used to advantage by racketeers offering "free financial advice" or an "advisory service" for a fee. In Ontario, the Security Commission frowns on brokers selling financial advisory services, but there is nothing to prevent an ex-broker, whose license has been cancelled, from setting himself up as a financial expert and asking the public to pay for financial "advice."

Recognized brokers, investment dealers, banks and other financial houses issue reviews and forecasts with the name of the financial house clearly set forth in the bulletin or booklet. They make no charge for such services, issuing the material in the hope of attracting new business and keeping clients informed.

A less reputable type of "advisory service" has an ornate, coined title, and uses such wording as:

"On account of the time being so short before the sale of units ceases, and as this second recommendation goes to many distant places all over the U.S.A. and Canada, I'm breaking a rule for the first time, and giving you information as to where to obtain the stock direct from the company without brokerage or tax charges. Write to . . ."

As a barefaced example of an "advisory service" peddling stock, that sample is hard to equal, but an added touch is the fact that the same "advisory service" carries the statement in bold black type: "We are not brokers." In an effort to instill confidence in credulous investors receiving the "service" for the first time, the statement also is made that "by this time all of our subscribers are probably aware of the extreme profits which have been garnered by those who accepted . . . .'s recommendations for stock in . . . ."

Tipster Oracle

The oracle responsible for this masterpiece is a middle-aged Australian whose career included selling of courses in accountancy, bookkeeping and stenography, and who claims to have spent four years "investigating" accountancy and economics. Better Business Bureau investigations revealed that he had also spent 20 years in company promotion. He asked $10 a year in advance for the "service."

Another "come-on" service, operating from a post office box in Toronto, and uncovered by Better Business Bureau investigators, asks prospects, by mail, to send $2 for "Bob's stock selections for the next six months. The name is not "Bob," but it must suffice to identify a gentleman whose former brokerage and promotion career was closely associated with a colleague now wanted by police for certain deals connected with oil wells.

"Bob's" bait is the modest claim that "I made over $3,000 in less than eight months on an investment of $80 . . . In my opinion the time is ripe to make like profits for the clients of . . . .'s Service Co."

"Bob" asks the intended victim to mail $2, and later to pay "a 10% bonus of your profits." How he expects to collect the 10% is somewhat doubtful, since he adds: "All my trust to receive these profits is left entirely to your honesty, as I have no other way but to place my faith in you" . . . . "I do not buy or sell stocks" (probably because of the fact that he might have difficulty in obtaining restoration of a salesman's license from the Ontario Security Commission) "All I do is tell you what to buy and when to sell."

Aim of "Services"

Pseudo "financial advisory services" are numerous at the moment. They cannot continue indefinitely since their "recommendations" invariably are meant only to lead to the final step of selling the "client" what a promoter wants him to buy.

Legitimate financial advisory services clearly disclose their identity if published by reputable brokers or financial investment concerns. There are sound concerns supplying statistics and other information of record on industrial and mining companies, which make a legitimate charge for their information and in some cases for their opinion.

If you find yourself on a sucker list, receiving an unknown, unidentified, possibly irresponsible financial "advisory service," you would be wise to notify your nearest Better Business Bureau, your banker, or investment adviser. Their advice may later save you from financial loss.

BRITISH COLUMBIA POWER CORPORATION
LIMITED
and Subsidiaries

OFFICERS:

W. G. Murrin............President — A. T. Goward........Vice-President
E. H. Adams, Vice-Pres. and Treasurer — E. Rogers..............Secretary

DIRECTORS:

E. H. Adams, C. E. Calder, John Davidson, S. Godin, Jr., A. T. Goward, J. H. Gundy, Andrew P. Holt, Sir Herbert Holt, George Kidd, H. R. MacMillan, W. G. Murrin, A. J. Nesbitt, Austin C. Taylor, P. A. Thomson, J. B. Woodyatt

CONSOLIDATED BALANCE SHEET
as at June 30th, 1938

ASSETS

Current and Working Assets:		
Cash at Bank and on hand	$ 348,018.20	
Accounts Receivable less Reserve	1,665,158.47	
Insurance Unexpired and Prepaid Items	247,936.51	
Employees' Housing Loans, Mortgages, etc.	172,013.62	
Stores, Materials and Supplies as determined and certified to by responsible officials of the Companies, valued at average cost	1,682,759.05	
		$ 4,115,885.85
Investments:		
Corporation's Shares purchased by Subsidiaries for re-sale to customers and employees	$ 812,234.00	
Sundry Investments	3,609.00	
(Market value June 30, 1938, $639,338.75)	$ 815,843.00	
City of Vancouver 3% Instalment Debentures, at cost	177,768.00	
		993,611.00
Bond Refunding Expense:		
Premium and exchange on bonds redeemed, bond conversion expenses and discount on new bonds issued—balance		1,098,879.27
Property Account:		
Book values which represent the cost of acquisition, and the cost of subsequent additions, including discount on bonds of $728,670.56, which is charged to Construction Accounts of Subsidiary Companies	$142,689,358.30	
Less Provision for Depreciation and Renewals	27,042,832.00	
		115,646,526.30
		$121,854,902.42

Note:—An appraisal of the properties of the British Columbia Power Corporation, Limited and its subsidiaries, made by Stone & Webster Engineering Corporation of Boston, Massachusetts, as of December 31, 1936, shows a total replacement cost as at that date (after a deduction for existing physical depreciation) of $131,802,312. This foregoing total includes an amount of $15,000,000 for going concern value.

After adding the cost of property additions and deducting the depreciation provision made by the Corporation subsequent to December 31, 1936, the properties on the basis of the above appraisal have a value at June 30, 1938, of $133,709,038.98.

LIABILITIES

Current and Accrued Liabilities:		
Accounts Payable	$ 1,284,388.71	
Reserve for Income and other Taxes	1,257,248.76	
Debenture and Bond Interest Accrued	329,363.71	
Dividends Declared, since paid	749,600.00	
		$ 3,620,601.18
Bond Debt		38,399,104.60
Capital Stocks of Subsidiary Companies Held by Public:		
British Columbia Electric Railway Co., Ltd.—5% Cumulative Perpetual Preference Stock	$ 6,984,000.00	
British Columbia Electric Power & Gas Co., Ltd.—6% Cumulative Preference Shares	5,000,000.00	
The Company has the right to redeem these 6% Preference Shares with a premium of 5%, subject to the sanction of the Supreme Court of British Columbia.		
Minority Shareholders of Subsidiary Companies	3,446.25	
		11,987,446.25
Reserves:		
General and Accident		1,276,077.94
Capital:		
Authorized—1,500,000 Class "A" Shares without nominal or par value entitled to non-cumulative preferential dividends aggregating $2.00 per share and equal participation with Class "B" Shares up to a further $3.00 per share, redeemable at any time on resolution of Directors at $100.00 per share. 1,500,000 Class "B" Shares without nominal or par value.		
Issued—1,000,000 Class "A" Shares and 1,000,000 Class "B" Shares issued for a total cash consideration of	$59,250,000.00	
Capital Surplus:		
Surpluses of Subsidiary Companies as at May 19, 1928, the date of the acquisition of their Capital Stocks by the Corporation	6,115,764.59	
Earned Surplus:		
As per statement	1,205,907.86	
		66,571,672.45
		$121,854,902.42

Approved on behalf of the Board { W. G. MURRIN, Director. GEORGE KIDD, Director.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the books and accounts of the British Columbia Power Corporation, Limited and its Subsidiary Companies for the year ending June 30, 1938, and have obtained all the information and explanations which we have required and we report that, in our opinion, the above Consolidated Balance Sheet at June 30, 1938, is properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of the Corporation and its Subsidiary Companies, according to the best of our information and the explanations given to us and as shown by the books of the Companies.

PRICE, WATERHOUSE & CO., Chartered Accountants.

Vancouver, B.C., August 16, 1938.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS ACCOUNT
for the Year Ending June 30th, 1938

Gross Revenue from Operations	$ 14,993,244.31	
Income from Investments	64,067.10	
		$ 15,057,311.41
Deduct—		
Expenses, including Municipal Taxes	$ 7,573,820.56	
Legal Fees and Executive Remuneration	102,560.00	
Directors' Fees	21,000.00	
Provision for Accidents	108,000.00	
Provision for Depreciation and Renewals	1,868,988.62	
Provision for Income Taxes	926,432.92	
		10,600,802.10
		$ 4,456,509.31
Deduct—		
Interest on Bond Debt	$ 1,643,609.76	
Cost of Exchange	39,851.96	
Bond Discount and Conversion Expense written off	79,980.00	
		1,763,441.72
Net Profit for the year		$ 2,693,067.59
Deduct—		
Dividends on Preference Stocks of Subsidiary Companies:		
5% Cumulative Perpetual Preference Stock	$ 349,200.00	
6% Cumulative Preference Shares	300,000.00	
		649,200.00
		$ 2,043,867.59
Deduct—		
Dividends on Class "A" Shares for the year ending June 30, 1938		2,000,000.00
		$ 43,867.59
Add—		
Earned Surplus—Balance at June 30, 1937	$ 1,305,630.27	
Deduct—		
Adjustments in respect of depreciation for prior years	143,590.00	
		1,162,040.27
Earned Surplus—Balance at June 30, 1938		$ 1,205,907.86

CANADIAN SECURITIES

Dominion and Provincial Government Bonds
Municipal Bonds
Public Utility and Industrial Financing

DOMINION SECURITIES CORPORATION LIMITED
TORONTO MONTREAL WINNIPEG VANCOUVER NEW YORK LONDON, ENG.
15 King Street West, Toronto

SAFETY DIVERSIFICATION MARKETABILITY YIELD

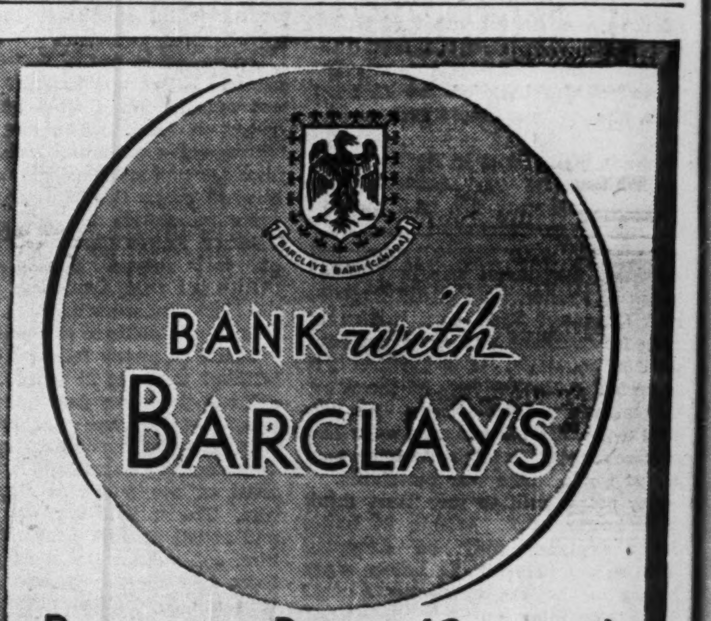
THE PROBLEM OF INVESTING MONEY

Prudent investors place their funds in carefully selected securities so as to gain the best yield consistent with safety of principal and to be freed from the cares of management.

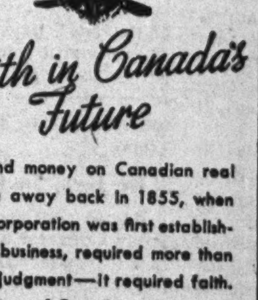
You are invited to discuss your investment account with us.

LAURENCE SMITH & CO. LTD.
INVESTMENT SECURITIES
VANCOUVER Royal Bank Bldg. — TORONTO Canada Permanent Bldg. — VICTORIA Arcade Bldg.

THE ONTARIO LOAN AND DEBENTURE CO.
LONDON, CANADA
Established 1870
DEPOSITS ACCEPTED — DEBENTURES ISSUED
Mortgage loans on owners' homes at low rates of interest
Capital (Fully Paid), $2,000,000 — Reserve Fund, $2,400,000



BARCLAYS BANK (CANADA)
214 ST. JAMES STREET MONTREAL — 60 KING STREET WEST TORONTO
2-2



Faith in Canada's Future

To lend money on Canadian real estate away back in 1855, when this Corporation was first established in business, required more than good judgment—it required faith. The future of Canada was obscure. Never in the years that have followed has that faith wavered. It governs the Canada Permanent policy to-day.

CANADA PERMANENT
Mortgage Corporation
Head Office
320 BAY ST. - TORONTO
Assets Exceed $68,000,000

IN MONETARY DOCUMENTS

Dignity is not enough

EXPERT and EXPERIENCED Engraving and Printing of *Bank Notes, Bonds, Debentures, Stock Certificates, Cheques, Drafts, Postage and Revenue Stamps and other Monetary Documents*

Many processes of printing can produce bonds, stock certificates and similar "symbols of money" that have the dignity essential to them. But dignity is not enough. Dignity must be wed to Safety, and only one process—steel engraving—can tie the knot.

For example, to counterfeit a stock certificate engraved by us it would be necessary to match the exquisite art of the world's finest steel engravers. That would be difficult enough. It would be necessary also to duplicate the safety paper we employ. That would be impossible.

This union of Safety with Dignity is the result of more than 100 years of experience with steel engraving. This experience is at your service.

CANADIAN BANK NOTE COMPANY Limited
HEAD OFFICE and WORKS OTTAWA — BRANCH OFFICES TORONTO MONTREAL

Will Clarify Position Equipment Certificates

From Our Own Correspondent

MONTREAL.—Legislation is expected to be introduced at the next session of Parliament authorizing United States insurance firms to hold equipment trust certificates against their Canadian liabilities.

At the last session of Parliament the Canadian and British Insurance Companies Act was amended to permit purchase of railway equipment trust certificates. Previously, insurance companies in Canada were not permitted to hold this type of security in their investment portfolio.

Through an oversight, the Foreign Insurance Companies Act was not amended, but it is suggested U. S. companies have the right if their state charters permit.

The Wawanesa Mutual Insurance Company
Canada's Largest Fire Mutual
A leading All-Canada Company—in volume; in strength; and in service to "select" property-owners and agents.
Home Office, Wawanesa, Man. Eastern Office: York & Harbour Sts., Toronto. Branches in Vancouver, Edmonton, Saskatoon, Winnipeg, Montreal, Moncton.
FIRE WINDSTORM AUTO CASUALTY

TRADE WITH GREAT BRITAIN
The ramifications of the Royal Bank of Scotland throughout Great Britain and the entire World enable it to handle every description of British Empire and Foreign Banking business.
Head Office: EDINBURGH
254 Branches in All
LONDON:
Chief City Office:
3 Bishopsgate, E. C. 2
ROYAL BANK OF SCOTLAND
(Incorporated by Royal Charter, 1727)
Total Assets ..... $429,458,220 ($5 to £1)
Associated Bank: Williams Deacon's Bank Ltd.

United States Fidelity & Guaranty Company
TORONTO

1832 1938
Individual Attention...
At this century-old bank, attention to the needs of each individual customer is not only a pleasure but a fundamental principle.
World-wide facilities in every department of banking
The BANK of NOVA SCOTIA
OVER A CENTURY OF BANKING SERVICE

THE MONARCH LIFE ASSURANCE COMPANY
ESTABLISHED 1906
A STRONG PROGRESSIVE COMPANY
OFFICES FROM COAST TO COAST

37 YEARS
SINCE 1901 NORTHWESTERN MUTUAL HAVE RETURNED MORE THAN 23 MILLION DOLLARS IN DIVIDENDS TO POLICYHOLDERS.
BRANCHES ACROSS CANADA
Toronto Hamilton Ottawa Halifax St. John
Moncton Quebec City Montreal Winnipeg Saskatoon
Edmonton Calgary Kelowna
Victoria Vancouver
NORTHWESTERN MUTUAL FIRE ASSOCIATION
NON-ASSESSABLE POLICIES

Fire Insurance and Allied Lines
NATIONAL RETAILERS MUTUAL INSURANCE COMPANY

Insurance

Life Companies May Revive War Clauses

Extra Premiums on New Life Insurance Policies Probable if Hostilities Break Out

If Canada becomes involved in war the life insurance companies will without doubt be forced again to insert war clauses in new policies. These clauses in brief provide that if the insured should engage in war service he must pay an extra premium. On this occasion, however, there might be some alteration.

While no definite action has been taken, some of the companies have been considering the course of action they may follow.

They have been studying the measures taken in the last war and are endeavoring to forecast the probable effect of the advances that have taken place in the science of destruction since 1918. Not that they claim to be able to do so with any degree of accuracy, but they feel that some deductions are possibile.

If war comes, it is felt non-combatants will in many localities be almost as bad risks as soldiers.

Even in Canada non-combatants, especially near the Atlantic coast, may be subject to war hazards.

Civilians Affected

For this reason it is expected that if the companies take any action as regards war clauses it will affect civilians as well as enlisted men and women.

Life insurance salesmen have already been urging their clients to increase their coverage. Term insurance is being brought to the fore as a cheap means of acquiring protection which would in all probability carry the insured through the period of hostilities and be convertible during the term it was in force into one of the regular types of policy.

Looking back at what happened in 1914 it is pointed out that few of the policies then issued in Canada contained war clauses. Actuaries, like everybody else, had ignored the possibility of Canada ever being drawn into a major conflict.

Even when war broke out, the companies, like most people in Canada, believed that it would be of short duration.

Waived War Clauses in 1914

The statement that the boys would be "out of the trenches by Christmas" was accepted at its face value. Accordingly in a burst of patriotic fervor the companies waived the war clauses where they did exist and at first made no move to protect themselves against heavy losses from war casualties.

Later, however, when it became apparent that the war would last some time, possibly years, they inserted clauses in new policies. Some of these set a high super-premium on the policies. In some cases this amounted to $150 per $1,000 on soldiers' lives. Where war clauses existed previously it was arranged in some cases at least that the company would pay a proportion of the face value of the policy, but not the full amount.

In other instances when the war was over companies found that the super-premium asked had been too high by about 33% and accordingly the overcharge was refunded.

Figures for the 4½ years that Canada was at war show that the losses were heavier in 1917 than in either of the other two full calendar years, but the losses for the 10 months of 1918 were greater in proportion than for any of the other periods.

Total War Claims $20,510,804

According to statistics compiled by G. D. Finlayson, superintendent of insurance for the Dominion of Canada, war death claims paid by companies in Canada in the 4½ years of the war were as follows:

1914	$ 75,242
1915	2,255,826
1916	5,333,408
1917	6,714,723
1918	6,131,505
Total	$20,510,804

In 1918 the death claims due to the war were 20.95% of the total claims paid. This indicates the extent to which the war increased the indemnities that the companies had to pay, and the reason why rates which at present are believed to be only adequate would have to be adjusted on new policies.

Executive Changes Made by Sun Life

J. A. Gray of Winnipeg Becomes Investment Manager at Toronto

From Our Own Correspondent

WINNIPEG. — A number of changes are being made in the investment department of the Sun Life Assurance Company. J. A. Gray, manager of the Winnipeg office, has been promoted to the managership of the Toronto investment or mortgage department. Mr. Gray came to Winnipeg a year ago last winter from Regina where he was manager. He is a brother of the leader of the opposition in Alberta.

Stanley Briard, also of the Winnipeg office, has been given the managership of the mortgage department at Windsor. Mr. Briard came to Winnipeg also from Regina when the Regina office was merged with the Winnipeg office.

Alex Curry, assistant manager of the Toronto investment department, comes to Winnipeg as manager of the Winnipeg office. R. N. Wilson, now manager at Windsor, is transferred to Vancouver where he becomes manager. David Munroe, manager of the Vancouver office, will be made supervisor of mortgages for British Columbia.

Small Decline In Life Sales

Total for August Down 1.46% — Alberta Shows Greatest Relative Gain

Sales of ordinary life insurance in Canada in August as reported by 18 companies having 87% of the total business in force, amounted to $27 millions, compared with $28.4 millions a year ago. This was a decline of 1.46%. It was, however, well above the total sales for the same month in 1936. Compared with the July preceding a seasonal decline of $2.1 millions is shown.

Gains were made in Alberta, Manitoba, Nova Scotia, and Newfoundland. The percentage gain in Alberta of 16.6% was the largest shown by any of the four areas where increases were shown.

The decrease in Ontario was very small, being only .74%, while that in Quebec was 2.81%. The heaviest decline was recorded in Prince Edward Island where sales fell away by 30.1%.

The larger volume of sales shown in Alberta and Manitoba reflects the improved conditions in those provinces as a result of the crop. Saskatchewan on the other hand, while more prosperous than a year ago has not yet directed such a large proportion of her new money into the purchase of life insurance as have the other two provinces.

Total sales for January to August, 1938, were $248.1 millions against $253.5 millions in 1937, a decrease of 2.13%.

Detailed sales by provinces were as follows:

	1938 $	1937 $
British Columbia	2,113,000	2,374,000
Alberta	1,234,000	1,058,000
Saskatchewan	769,000	940,000
Manitoba	1,775,000	1,532,000
Ontario	11,618,000	11,705,000
Quebec	7,824,000	8,050,000
New Brunswick	759,000	947,000
Nova Scotia	1,353,000	1,269,000
Prince Edward Island	107,000	153,000
Newfoundland	444,000	383,000
Total	27,996,000	28,411,000

Details of sales by months since January, 1935, are as follows:

Ordinary Life Sales
(a) Sales by Month, 1935-1938
($ 000 omitted)

	1935	1936	1937	1938
Jan.	32,988	33,347	27,789	30,606
Feb.	28,716	28,834	30,619	31,204
Mar.	31,416	30,552	32,322	32,796
Apr.	28,900	28,876	32,562	29,981
May	27,423	28,411	31,916	30,342
June	32,112	31,247	37,908	35,120
July	32,155	31,396	32,040	30,126
Aug.	26,854	23,547	28,411	27,996
Sept.	26,696	28,090	27,730	.....
Oct.	30,416	29,402	33,416	.....
Nov.	35,158	36,710	38,020	.....
Dec.	36,550	34,146	37,125	.....

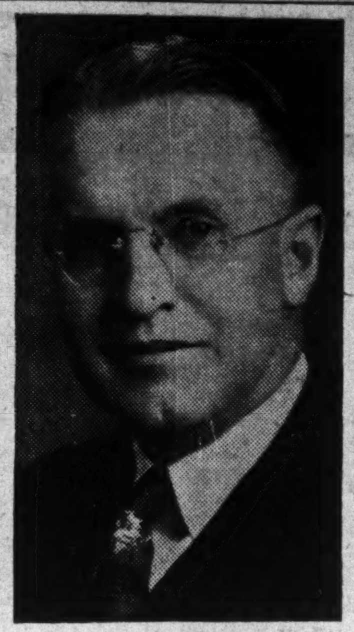
Insurance Problems

Wawanesa Mutual

I would greatly appreciate receiving any information you have as to the reliability, financial strength, deposits with the Government for the protection of policyholders, etc., of the Wawanesa Mutual Insurance Company, of Wawanesa, Manitoba.

The Wawanesa Mutual Insurance Company was originally a western farm mutual insurance company operating in Manitoba. For some years, however, it has operated through the Dominion and now stands as Canada's largest mutual fire insurance company. It is licensed by the Dominion Department of Insurance at Ottawa and maintains a deposit with the Dominion Government for the protection of its policy holders. Being licensed by the Dominion, it is also subject to examination by the Federal Department. It is licensed to write a number of other lines of insurance besides fire. These are automobile, burglary, explosion, inland transportation, plate glass, tornado and certain supplemental classes. In the report for the year 1937 net premiums written are shown at $1,535,190. Surplus during the year increased $55,335 to $826,883 and reserves increased $76,233 to $858,069. Total assets increased $261,420 to $2,094,620.

Some time ago we understand letters were circulated throughout the Maritime Provinces seeking to discredit the company. These letters suggested that in the event of a financial setback, policyholders of the Wawanesa Mutual would be liable for their share of the losses. The Wawanesa charter, however, specifies that no policyholder will be held liable for anything over the amount of his premium.



SUPERVISOR

E. S. Crawford formerly supervisor of the Cuban branches of the Bank of Nova Scotia has been appointed supervisor of agencies at Toronto. Mr. Crawford is a native of St. John, N.B.

Decline Shown In Bank Debits

Total For Canada in August Down 9.3% From Year Ago

Cheques cashed at the clearing house centres in Canada in August were $2,371 millions compared with $2,613 millions in the same month last year, a decline of approximately 9.3%, according to the monthly statement issued by the Dominion Bureau of Statistics.

Each of the five economic areas recorded declines. The Maritimes were down by 8%, Quebec 11, Ontario 6.7, the Prairies 12.4 and British Columbia 11%.

Among the clearing house centres substantial declines were shown by Halifax, Montreal, Quebec, Toronto, Winnipeg and Vancouver.

The total of the bank transfers for August was also lower than in July as far as the actual dollar value was concerned, but after seasonal adjustment a gain of 5% was computed.

Business during August no doubt was affected by the hot weather in many sections of the country, which deterred many people from doing the business which they otherwise would have done.

Bank debits to individual accounts at the clearing house centres of Canada:

	Aug., 1938	July, 1938	Aug., 1937
		($ 000,000)	
Maritimes:			
Halifax	27.2	30.5	30.8
Moncton	9.1	8.8	9.3
Saint John	16.9	16.7	17.8
Total	53.2	56.1	57.9
Quebec:			
Montreal	706.1	794.9	793.5
Quebec	67.1	67.0	76.2
Sherbrooke	6.8	7.0	6.6
Total	780.0	869.0	876.4
Ontario:			
Brantford	8.4	9.6	8.9
Chatham	7.0	6.9	8.3
Fort William	6.3	5.6	5.8
Hamilton	50.6	54.9	57.7
Kingston	5.2	5.7	6.1
Kitchener	10.6	10.8	10.7
London	28.1	33.0	29.3
Ottawa	89.7	114.5	80.3
Peterborough	5.5	5.8	5.5
Sarnia	5.9	6.5	5.7
Sudbury	7.3	7.6	8.8
Toronto	817.6	791.3	889.9
Windsor	29.3	34.1	31.9
Total	1,072.5	1,086.8	1,149.7
Prairies:			
Brandon	2.7	2.9	2.4
Calgary	42.7	42.6	45.2
Edmonton	32.5	34.4	34.4
Lethbridge	4.4	3.6	4.2
Medicine Hat	1.9	2.0	2.1
Moose Jaw	4.9	4.4	5.9
Prince Albert	2.1	2.1	2.4
Regina	30.0	39.6	28.9
Saskatoon	9.5	8.9	9.6
Winnipeg	176.6	152.9	216.1
Total	307.7	293.8	351.6
British Columbia:			
N. Westminster	6.6	6.4	6.4
Vancouver	125.7	117.1	145.1
Victoria	25.1	37.0	25.4
Total	157.5	160.6	177.0
Grand Total for Canada	2,371.1	2,466.8	2,612.8

Insurance Notes

Announcement is made of the appointment of John B. Hall as assistant manager at the Montreal office of the Home Insurance Company, of New York. He will be in charge of the company's branches in the Province of Quebec, including the marine and inland marine departments. Mr. Hall was previously inspector for the Home at Toronto. Prior to that he was Ontario manager for Corroon and Reynolds (Canada) Inc.

* * *

The fire and casualty branches of the Insurance Institute of Toronto, in announcing their course of lectures for the new season which opens next week, point out that the course offered by the institute is primarily a reading and study course. The lectures provided are supplemental thereto.

Copies of the syllabus and lectures can be secured from the institute by all students intending to sit for examination.

The fire branch will start its course of lectures on Oct. 3 and the casualty branch on October 5.

Banking

Flow of Refugee Funds Again Depresses Pound

Continued Advances in Dollar Expedite Movement — Situation Reversed from That of 1914

Heavy demand for United States dollars as a refuge for foreign capital has resulted in sharp appreciation in that currency in terms of sterling. Not only is the pound affected, but the Canadian dollar as well and various other currencies which are more or less tied to the British pound.

While the movements of foreign exchange markets are usually difficult to explain, it is evident that the threat of war is the big factor in the situation.

Two main points stand out.

One is that holders of securities or money in Europe are looking to the United States as a place of safety for their money and accordingly are anxious to turn their capital into United States dollars.

Another is that with the United States a creditor nation, there are many obligations which are cleared through New York. Accordingly, where debts have to be met in the near future an effort is being made to obtain funds there. The acquisition of these funds is hastened by the prospect of further advances in the price of the dollar.

Looking at it another way as the dollar goes up the pound goes down.

Pound $4.96¼ 3 Months Ago

The pound at time of writing is quoted at around $4.75⅜ at New York. This compares with $4.79⅜ a week before, $4.85-13/16 a month ago and $4.96¼ three months ago.

Holders of securities and people with bank accounts in Europe began first to change their money into sterling and then eventually into United States dollars.

Purchases of gold which have been a feature for some time in London have eased somewhat recently, owing to the rise in the insurance rates on gold shipments across the Atlantic. This has probably accentuated the demand for United States dollars.

Trade Treaty Still a Factor

Back of the situation, however, is the feeling that the Anglo-United States trade treaty would demand a lower pound. Then, too, there is a feeling that gold will be revalued eventually both in the United Kingdom and the United States.

These two possibilities some months ago received more consideration than did the threat of war.

Whatever may happen eventually, the present depreciation of the pound in terms of dollars, shows a much different trend from that which prevailed at the beginning of the last war, when the pound rose to record levels for a time before being finally stabilized.

London in 1914

In 1914 days, London was the place where obligations from all parts of the world were settled. On the outbreak of war there was a great desire to clean up commitments. There were as well some refugee funds going to London. Altogether there was a situation very like that of the dollar today. There was a tremendous demand for sterling which had to be satisfied in a relatively short time with consequent rise in the pound.

Weekly Bank Clearings

	Sept. 22 1938 $	Change Year Ago %	Sept. 15 1938 $
Halifax	2,946,470	+14.9	3,311,651
Saint John	1,683,075	— 5.9	1,745,640
Moncton	811,781	+ 0.4	692,585
Sherbrooke	671,746	— 9.5	723,406
Quebec	4,705,768	—16.5	5,581,958
Montreal	106,083,660	+ 4.4	100,080,853
Ottawa	15,564,182	— 1.6	15,539,367
Kingston	548,991	— 4.0	529,907
Peterborough	662,388	+12.7	631,553
Toronto	109,575,368	+ 3.1	98,316,152
Hamilton	5,068,031	—19.9	4,767,000
Kitchener	1,317,846	— 2.8	1,171,385
Brantford	887,300	— 5.2	765,164
London	2,603,919	+ 3.3	2,441,906
Chatham	518,651	— 9.9	525,141
Windsor	2,751,319	— 1.2	2,667,803
Sarnia	544,916	+ 1.7	427,837
Sudbury	1,016,169	+ 9.7	1,116,507
Fort William	753,230	— 9.8	634,052
Winnipeg	57,413,423	+13.1	64,860,552
Brandon	512,328	+21.0	517,153
Regina	8,853,147	+128.1	9,181,785
Moose Jaw	782,476	+18.4	841,525
Saskatoon	1,562,198	+ 3.4	1,394,205
Prince Albert	350,309	—25.8	317,783
Edmonton	4,422,788	— 2.0	4,004,001
Calgary	8,266,514	+16.8	6,164,388
Medicine Hat	353,882	+26.5	334,661
N. W'minster	574,582	—10.3	580,768
Lethbridge	728,172	+ 3.3	745,610
Vancouver	19,740,743	+ 8.0	17,933,042
Victoria	1,703,601	— 6.4	1,647,269

Bank of Canada Weekly Statement

Deposits of Canadian chartered banks with the Bank of Canada increased by $8.1 millions in the week ended Sept. 21, 1938. Holdings by the central bank of short term Government securities at the same time were up by $10.9 millions. This apparently reflects steps taken by the banks to build up their cash position to finance the movement of the crop.

A rise of $6 millions in the holdings of foreign exchange by the bank was probably due to shipments of gold by the Dominion Government as its deposits with the central bank were up by $7 millions.

Balance Sheet

	Sept. 21 1938 $	Sept. 14 1938 $
Liabilities		
Capital paid-up	5,000,000	5,000,000
Notes in circ.	172,580,559	171,477,969
Rest fund	1,348,415	1,348,414
Depos.: Dominion	24,581,883	17,579,325
Banks	210,784,469	202,671,733
Other	1,241,520	965,569
Total deposits	236,607,872	221,216,627
All other liabs.	2,671,119	2,801,148
Total liabs.	418,207,965	401,844,158
Assets		
Reserve: Gold	180,808,215	181,145,782
Res. in sterling and U. S.	37,389,840	31,303,695
Other curr.	762	763
Total reserve	218,198,817	212,450,240
Subsidiary coin	228,342	244,694
Investments:		
Dom. govt. short	146,332,426	135,375,268
Other Dom. govt.	48,869,113	48,910,351
Total invest.	195,201,539	184,285,619
Premises	1,685,240	1,684,489
All other assets	2,894,026	3,179,116
	418,207,965	401,844,158
Reserve ratio	53.32%	54.10%

Bank Chat

Bank Clearings Rise

While bank clearings at some clearing house centres in eastern Canada are reflecting improvement in business this condition is much more marked in the western cities. Gains were shown for the week ending Sept. 22 at Winnipeg, Brandon, Regina, Moose Jaw, Calgary, Medicine Hat and other centres.

The increase in Regina was most striking, clearings there for the week ended Sept. 22 being $8.8 millions compared with $3.8 millions in the corresponding week last year.

Winnipeg also showed a good gain rising from $50.7 millions to $57.5 millions.

Bank officials returning from western Canada find business there substantially better and state that they are quite encouraged by the outlook.

The comeback in Saskatchewan has been most marked they say. This, of course, is to be expected as while the other provinces are also doing well, they were not so hard hit in the previous year and the difference in conditions is not so marked.

Among the eastern clearing house centres substantial gains were shown at Montreal, Toronto, Halifax and Sudbury.

* * *

"Baby" Gold Bars

To meet the demand of small gold hoarders on the continent British refiners for the first time in history are offering "baby" bars of gold weighing only five troy ounces and worth approximately £35 12s. plus a small refining charge and brokerage fee. These compare with standard 400-ounce bars worth £2,850. The price of both bars, of course, is variable, the figures given being only approximate but showing the relationship.

It is thought that this step was taken with the consent of the British authorities to satisfy the continental demand for gold coins. Since the beginning of the year London imports of foreign coins are stated to have been worth £10,000,000. Exports to the Continent are estimated at over £8,000,000.

Gold as a medium of exchange in Canada has been practically unknown in recent years. On the formation of the Bank of Canada the chartered banks turned over their gold reserves to the central bank and since then what little gold there was in circulation before has disappeared. Hoarding of gold here, accordingly, is not likely to occur now, unless the purchase of gold bars from the mint became popular.

Staff Changes

The Bank of Nova Scotia announces the following staff changes:

J. F. PALFREY to be manager at Pictou, N.S.

C. R. DICKIE to be accountant at St. Catharines, Ont.

L. R. MONDERIE to be accountant at Cochrane, Ont.

THE STANDARD LIFE ASSURANCE COMPANY OF EDINBURGH
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The Independent Order of Foresters
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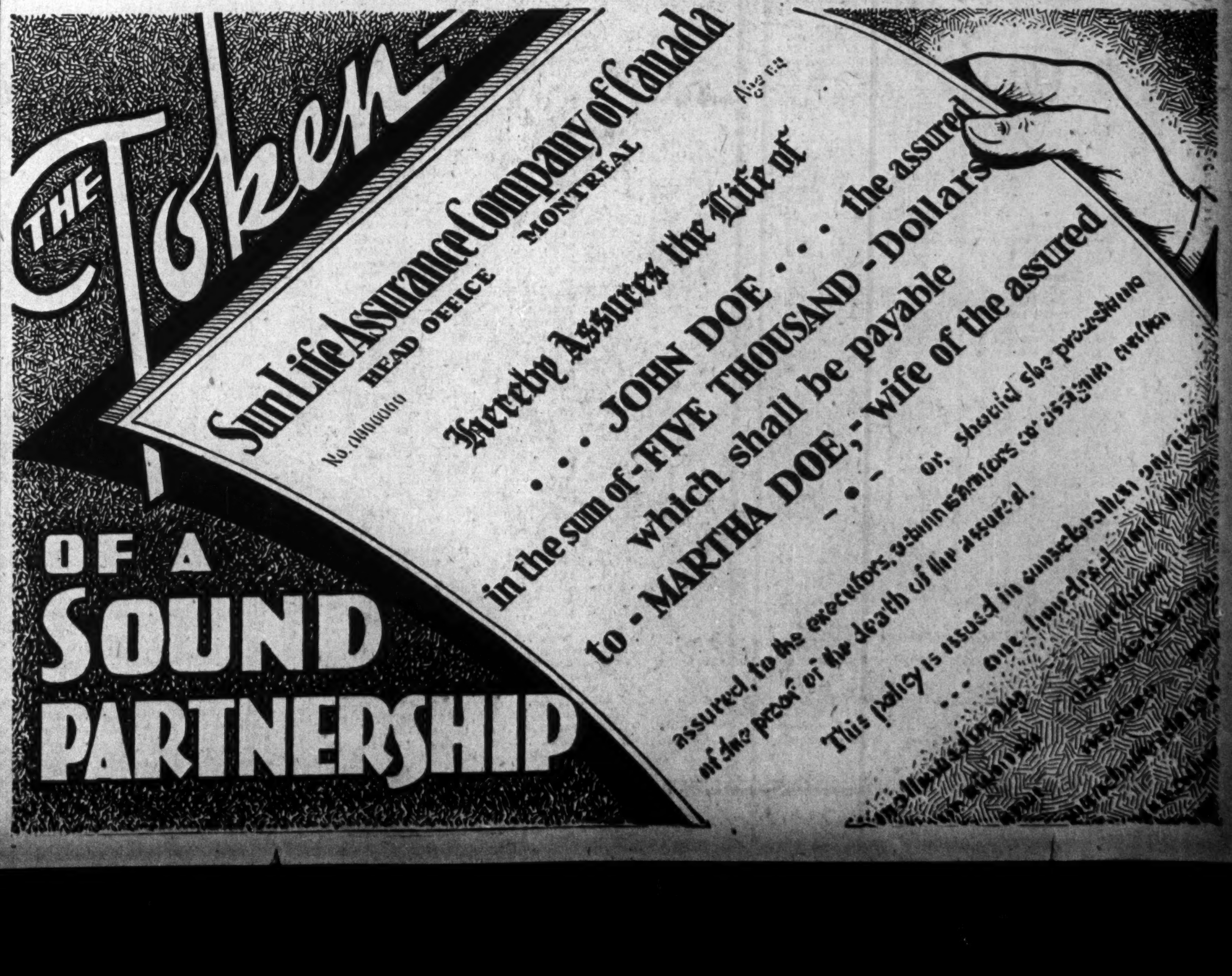
Certificate Plan B: Issued by the Society affords outstanding protection. It provides an Old Age Benefit, payable in one sum, for the full amount of the Certificate, on the 60th birthday, or, payment in the event of death.
In addition, the Certificate provides a generous Disability Benefit of Ten Dollars a month, for each $1,000 of Protection carried. Payments of such benefit are not a charge against the Certificate when it becomes a claim, either as a result of death or old age.
The Certificate contains the usual automatic non-forfeiture privileges. Double Indemnity may be secured for the payment of a nominal sum.
FRANK E. HAND, Supreme Chief Ranger. — HEAD OFFICE, TEMPLE BUILDING, TORONTO, CAN.



STOCK AND BOND MARKET QUOTATIONS

Toronto and Montreal Stock Exchange Quotations

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING SEPTEMBER 26

Range 1938 High	Low	Div R'te $	Sep23 Y'ld %		Sales	Last Sept. 19	Week end. Sept. 26 H	L	Cl'se
				A					
4.75	1.00	.	...	Abitibi	26455	2.50	3.00	1.87	2.62
29	8¼	.	...	Do. pref. 6%.	10855	17	20	13½	17
38	25	.	...	Do. pref. 7%.	....	(23 bid — asked)			
26¾	9	.	...	Do. cert. dep.	....	(— bid — asked)			
4¼	4½	30c	...	Acadia Sugar ..	....	(3 bid 3½ asked)			
7	5	50c	...	Acme Glove ...	....	(— bid 5½ asked)			
82	60	6.50	10.8	Do. pref.	....	(— bid — asked)			
11	8½	60+20c	8	Agnew Surp. ..	50	10	10	10	10
110	103	7	6.6	Do. pref.	....	102½ bid 110 asked			
5½	2	.	...	Alta. Pac. Gr...	60	2½	3	2½	2½
20	10½	.	...	Do. pref.	....	(20 bid 25 asked)			

Mining Stocks

Oil Quotations

Vancouver Stock Exchange

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

Sept. 27, 1938

Simpsons Ltd. .	4½	'51	94	97	96
Smith, Howard	4½	'51	100	103	102
†Steel of Can. .	6	'40	106	109	107½
‡United Gas ...	5½	'48	100½	103½	102
United Gr. Grs.	5	'48	87	92	89½
†Western Gr. ...	6	'49	35	40	33

‡ Payable in Canada or U.S.
† Payable in Can., U.S. or U.K.
▲ Payable in Can. or U.K.
§Payable in U.S. only.

Unlisted Stocks

(Furnished by A. J. Pattison Jr. & Co., Toronto)

Sept. 27, 1938

Power Issues:

	Bid	Asked
Calgary Power, pfd.	88.00	91.00
Can. West. Nat. Gas, com.	23.00	27.00
Do., pfd.	92.00	95.00
Great Lakes Power, pfd. ..	98.00	102.50
Inter. Util., $1.75 pfd.	7.00	8.50
Do., $7 pfd.	84.00	89.00
Montreal Island Power, pf.	17.00	20.00
Northern Ont. Power, pfd.	97.00	100.00

Winnipeg Stocks

(Transactions from Sept. 19 to Sept. 24)

	Sales	High for period	Low for period	Close Sept. 24
Flin Flon	4,000	.03½	.03	.03
Gurney Gold ..	1,900	.10	.09	.09
Gold Lake	500	.02	.02	.02
Monarch Life ..	5	25.00	25.00	25.00
Mosher L. Lac .	1,000	.22½	.22½	.22½
Ore Grande ...	5,300	.03	.02¾	.02¾
Sunbeam K. ...	100	.26	.26	.26
Shenango	500	.12½	.12½	.12½
Sachigo R.	38	15.00	13.87	13.87
Star Lake	31,900	.03½	.02	.02
United Grain ..	11	7.50	7.00	7.50
West. Steel	10	9.25	9.25	9.25
Wingold	1,000	.04½	.04½	.04½

Stocks Not Traded in During Week*

	Bid	Asked
Beaver Fire Insurance	...	100
Can. Indemnity	125	...
Can. Airways	...	3½
Cres. Cream., pf.	...	12
Home Investment	...	20
Nor. Mtge., part pd.	2	...
Nor. Can. Mtge., p.	3	...
Traders Bldg.	...	82
Western Brew.	1½	2¼
Western Grain, pref.	...	7

*Stocks more active on other exchanges not included.

Municipal Bonds

Sept. 27, 1938

	Rate	Due	Bid	Ask.	Yld.
†Halifax ...	5	1961	109.00	112.00	4.18
Hamilton ..	5	1950	103.10	104.60	4.30
Montreal ..	5	1945	102.00	104.00	4.28
Ottawa	4½	1945	107.00	108.50	3.50
†Quebec	5	1959	104.00	106.00	4.55
Saint John	5	1950	104.00	107.00	4.27
†Toronto ...	4½	1955	.....	109.20	3.75
†Vancouver .	5	1930	85.00	88.00	6.50
Winnipeg ..	5	1944	96.00	100.00	5.00

†Payable Can. and N.Y.

Investment Trusts

	Bid	Asked
Can. Amer. Trust	3.40	3.70
Can. Inv. Fund	3.60	3.95
All Can. Trustee	11.00	11.50
Trans-Canada	...	11.53
Grouped Income	3.41	3.95
Can. Int. Tr., modified	4.50	5.25
Do., unmodified	3.87	4.37

Stock Sales

	Montreal Markets Indust.	Mines	Toronto Markets Ind. & Mines
Sept. 27	31,300	30,300	658,000
Sept. 26	55,200	71,300	877,000
Sept. 24	31,100	61,700	493,000
Sept. 23	36,100	70,100	725,000
Sept. 22	19,300	32,500	472,000
Sept. 21	47,500	88,600	891,000

Public Utility Earnings

Brazilian Traction

August—	1938 $	1937 $	Decr. $
Gross. earn. .	3,280,358	3,556,495	276,137
Oper. exp. ...	1,531,642	1,570,167	38,525
Net earn.	1,748,716	1,986,328	237,612
Eight Mos.—			
Gross. earn. .	25,023,365	25,665,802	642,437
Oper. exp. ...	11,748,004	11,491,071	*256,933
Net earn.	13,275,361	14,174,731	899,370

*Increase.

Unlisted Mines

TORONTO

September 27, 1938

	Bid	Ask		Bid	Ask		Bid	Ask
Addington	.11	.13	Halliwell	.03½	.04	Porc. Lk.	.08	.10
Albany R.	.17	.20	Hislop	.02½	.03	Porc. McN. ...	.01½	.02
Algoma S.	.15	.17	Hiawatha	.80	.90	Plains P.	.75	1.00
Amorada	.02	.03½	Hutch. L.	.02½	.03	Planet	.01¾	.02½
Arjon	.02½	.03	Hugh P. P. ...	.03	.09	Pont. Rou.	.13	.14
Armistice	.02½	.03½	Keora	.02½	.03	Pelangio	.03	.04
Argosy	.02½	.03	Keystone	.00½	.01	Polaris	.23	.25
Arno	.01	.01½	Kaw. Crow ...	.01½	.02½	Propri'y	1.42	1.50
Athona	.04½	.05½	Kenricia	.13	.16	Presdor	.03	.04

MONTREAL

September 27, 1938

Government Bonds

(Supplied by Investment Dealers' Association of Canada)

Dominion of Canada Bonds

Sept. 28, 1938		Bid	Asked	Approx. Yld.
■2	1 Jan. '39	100.50	101.25	...
1	1 June '39	99.00	100.00	1.00
2	15 Nov. '39	100.00	101.00	1.14
2½	15 Oct. '39	100.25	101.25	1.35
4	15 Oct. '39	102.00	103.00	1.20
1½	1 June '40	99.00	100.00	1.50
4½	1 Sept. '40	103.75	104.75	1.74
1	15 Mar. '41	97.00	98.00	1.82
5	15 Nov. '41	106.00	107.00	2.67
2	1 June '42	98.50	99.50	2.15
3	15 Oct. '42	101.25	102.25	2.41
2½	1 June '43	99.00	100.00	2.50
5	15 Oct. '43	108.00	109.00	3.07
2	1 June '44	96.00	97.00	2.56
■2¼	15 Jan. '44	99.75	100.50	▲2.12
4½	15 Oct. '44	106.50	107.50	3.13
2½	15 Nov. '44	97.50	98.50	2.76
■2½	15 Aug. '45	100.25	101.00	▲2.28
4	15 Oct. '45	104.00	105.00	▲2.93
4½	1 Feb. '46	107.00	108.00	3.26
3¼	1 June '49	98.00	99.00	3.36
3½	15 Oct. '49	99.25	100.25	▲3.45
3¼	15 Nov. '51	97.50	98.50	3.39
■5	1 May '52	108.25	109.25	▲2.35
4	15 Oct. '52	103.50	104.50	▲3.44
3	1 June '55	94.00	95.00	3.39
4½	1 Nov. '56	106.00	107.00	▲3.54
4½	1 Nov. '57	106.25	107.25	▲3.59
3	1 June '58	93.25	94.25	3.40
4½	1 Nov. '58	107.75	108.75	▲3.50
4½	1 Nov. '59	108.00	109.00	▲3.54
■4	1 Oct. '60	105.50	106.50	▲3.34
■3¼	15 Jan. '61	100.75	101.75	▲3.12
3¼	1 June '66	95.75	96.75	3.43
■3	15 Jan. '67	95.75	96.75	3.07
■3	Perp. bonds	84.50	85.50	3.51
Dominion Guaranteed Bonds				
Canadian National Railway:				
2	15 Jan. '42	98.25	99.25	2.24
2	15 Feb. '43	97.00	98.00	2.49
3	1 May '44	99.75	100.75	2.85
3	15 Dec. '50	94.25	95.25	3.48
3	15 Feb. '53	93.75	94.75	3.46
*4½	1 Sept. '51	110.00	111.50	3.40
*4½	1 Feb. '56	111.00	112.50	3.54
†4½	1 July '57	110.00	111.50	3.65
*4¾	15 June '55	113.50	115.50	3.52
5	1 Feb. '54	115.00	117.00	3.56
*5	1 July '69	112.50	114.50	▲3.05
*5	1 Oct. '69	115.00	117.00	▲3.50
*5	1 Feb. '70	115.00	117.00	▲3.55
Provincial Government Bonds				
New Brunswick:				
3	15 Oct. '51	88.00	91.00	3.88
3½	15 June '56	91.00	94.00	3.97
†4	15 Nov. '47	99.00	101.00	▲3.84
†4½	15 Apr. '61	101.00	104.00	4.22
†5	15 Jan. '60	105.00	108.00	4.42
Nova Scotia:				
3	2 Jan. '52	92.00	95.00	3.47
3¼	1 June '56	94.00	97.00	3.47
3½	15 Dec. '49	97.00	99.00	3.60
†4½	15 Sept. '52	107.00	109.00	▲3.33
†4½	15 Nov. '60	108.00	110.00	3.83
†5	1 Mar. '60	113.00	116.00	3.90
Ontario:				
2½	15 May '45	98.00	100.00	2.50
3	1 Dec. '51	95.00	97.00	3.27
3¼	15 Nov. '51	97.00	99.00	3.34
*4	1 June '62	103.00	105.00	3.68
4½	1 June '50	107.00	109.00	3.57
*4½	15 Jan. '62	110.00	112.00	3.73
5	15 Oct. '48	109.50	111.50	3.61
*5	2 Dec. '60	117.00	120.00	3.68
5½	1 July '46	110.00	112.00	3.70
Ont. Hydro Comm.:				
3	1 Aug. '48	94.00	97.00	3.35
3¼	1 Feb. '53	95.50	98.50	3.38
3½	1 Apr. '47	99.00	101.50	3.30
Prince Edward Island:				
3	1 Oct. '45	97.00	99.00	3.15
Quebec:				
3	1 Nov. '51	94.00	96.00	3.37
3¼	1 Mar. '48	96.00	98.00	3.50
3¼	1 June '52	95.00	97.00	3.52
4	15 Mar. '52	103.00	105.00	3.53
4¼	1 Aug. '58	107.00	109.00	3.62
4½	2 Jan. '63	108.00	110.00	3.87
Alberta:				
4	15 Dec. '54	51.00	55.00	§
4½	1 Oct. '51	57.50	61.50	§
†4½	1 Oct. '56	54.00	58.00	§
*5	1 Oct. '59	56.50	60.50	§
†5½	1 Apr. '52	57.00	61.00	§
6	1 Mar. '47	58.50	62.50	§
British Columbia:				
†4	1 Dec. '57	86.50	89.50	4.83
*4½	15 Jan. '51	92.50	95.50	4.98
†4½	1 Oct. '53	92.50	95.50	4.92
†5	25 Apr. '54	96.50	99.50	5.05
5½	1 Feb. '45	98.50	101.50	5.21
6	15 Feb. '47	101.25	104.25	5.35
Manitoba:				
†4	1 Dec. '57	80.00	84.00	5.33
†4½	15 Dec. '56	84.50	88.50	5.30
*5	2 Dec. '59	93.00	97.00	5.23
5½	1 Oct. '55	94.50	98.50	5.64
6	1 Apr. '47	97.00	101.00	5.85
Saskatchewan:				
4	1 Nov. '60	63.00	67.00	6.91
†4½	1 Oct. '51	78.00	82.00	6.58
†4½	15 Mar. '60	68.00	72.00	7.05
5	1 Aug. '58	74.50	78.50	7.02
5½	1 Oct. '52	78.50	82.50	7.55
6	15 Mar. '52	82.00	86.00	7.58

*Payable Can., N.Y., & £. ▲Calculated to call date giving lowest possible yield. †Payable Can. & N.Y. ■Payable N.Y. ‡Callable on or after Sept. 15, 1936. §Traded flat. Interest being paid at 50% of coupon rate; minimum rate 2%.

Dividends Declared

	This payment	Date payable	Date of record
Agnew-Surpass, pref.	$1.75	Oct. 1	Sept. 15
Assoc. Breweries, p.	$1.75	Oct. 1	Sept. 15
Acme Glove	12½c	Oct. 1	Sept. 17
Do. pref.	$1.62½	Oct. 1	Sept. 17
Am. Cyan., A & B	15c	Oct. 1	Sept. 15
Acadia Sugar, pf.	7½c	Oct. 1	Sept. 17
Barker's Bread, p.	62½c	Sept. 30	Sept. 23
Brockville Tr.	62½c	Oct. 1	Sept. 20
Belding-Cort.	$1	Oct. 1	Sept. 15
Do., pref.	$1.75	Oct. 1	Sept. 15
Brant. Cordage, p.	32½c	Oct. 15	Sept. 20
Build. Prod., A & B	50c	Oct. 1	Sept. 16
Bell Tel., c.	$2	Oct. 15	Sept. 23
Bralorne Mines	15c	Oct. 15	Sept. 30
Do., extra	10c	Oct. 15	Sept. 30
B. C. Power, A	50c	Oct. 15	Sept. 30
Burling. Steel, c.	15c	Oct. 1	Sept. 15
Bk. of N. Scotia	$3	Oct. 1	Sept. 15
Brazilian Trac., pf.	$1.50	Oct. 1	Sept. 15
Burt, F. N.	30c	Oct. 1	Sept. 15
Do., pref.	$1.75	Oct. 1	Sept. 15
Brit. Amer. Oil	25c	Oct. 1	Sept. 16
Brit. Amer. Assur.	$1.50	Oct. 1	Sept. 27
B.C. El. Pr. & G. p.	$1.50	Oct. 1	Sept. 20
Can. Bread, 1st pf.	$1.25	Oct. 1	Sept. 22
Do., B pref.	62½c	Oct. 1	Sept. 22
Do., arrears	12½c	Oct. 1	Sept. 22
Canada Life	$5	Oct. 1	Sept. 30
Can. Fairbanks, pf.	$1.50	Oct. 15	Sept. 30
Candn. Oil, pfd.	$2	Oct. 1	Sept. 20
Can. Westinghouse	50c	Oct. 1	Sept. 20
Canada Packers	75c	Oct. 1	Sept. 15
Cariboo Gold	2½c	Oct. 1	Sept. 9
Do., extra	1½c	Oct. 1	Sept. 9
Can. Car & F. pf.	43c	Oct. 10	Sept. 26
Chartered Trust	$1	Oct. 1	Sept. 15
Commercial Alcohols pf.	10c	Oct. 15	Oct. 1
Can. Wire. Box, A.	37½c	Oct. 1	Sept. 15
Can. Gen. Elec.	$1.50	Oct. 1	Sept. 15
Do., part. pref.	‡$2	Oct. 1	Sept. 16
Celanese of Am.	$1.75	Oct. 1	Sept. 16
Can. Nor. Pwr.	30c	Oct. 25	Sept. 30
Do., pref.	$1.75	Oct. 15	Sept. 30
Can. Canners, 1st pf.	25c	Oct. 1	Sept. 15
Do., 2nd pref.	15c	Oct. 1	Sept. 15
Candn. Cotton, c.	$1	Oct. 1	Sept. 16
Do., pref.	$1.50	Oct. 1	Sept. 16
Can. Indust., pf.	$1.75	Oct. 15	Sept. 30
Do., A & B	$1.25	Oct. 31	Sept. 30
Cons. Bakeries	25c	Oct. 1	Sept. 20
Can.-Perm. Mtge.	$2	Oct. 1	Sept. 15
Can. For. Inv., pf.	$2	Oct. 1	Sept. 15
Cosmos Imp., pf.	$1.25	Oct. 15	Sept. 30
Carnation Co., pf.	$1.25	Oct. 1	Sept. 17
Consumers' Gas	$2.50	Oct. 1	Sept. 15
Cent. Can. Loan	$2	Oct. 1	Sept. 19
Consumers' Gas	$2.50	Oct. 1	Sept. 15
Can. Gen. Invest.	12½c	Oct. 15	Sept. 30
Can. Breweries, pf.	50c	Oct. 15	Oct. 5
Can. Bk. of Comm.	$2	Nov. 1	Sept. 30
Crown Life	3%	Oct. 1	Sept. 30
Crown Trust	$1	Oct. 1	Sept. 30
Dome Mines	50c	Oct. 20	Sept. 30
Dom. Foundries, c.	40c	Oct. 1	Sept. 20
Dom. Glass	$1.25	Oct. 1	Sept. 15
Do., pref.	$1.75	Oct. 1	Sept. 15
Dom. Textile, c.	$1.25	Oct. 1	Sept. 15
Do., pf.	$1.75	Oct. 15	Sept. 30
Dominion Coal, pf.	37c	Oct. 1	Sept. 15
Dominion Bank	$2.50	Oct. 1	Sept. 20
Dominion Tar. p.	$1.37½	Nov. 1	Oct. 12
Eastern Steel, pf.	$1.75	Oct. 1	Sept. 15
East. Can. Sav.	$1.50	Oct. 1	Sept. 21
Econ. Inv. Trust	62½c	Oct. 1	Sept. 23
Edm. C. Dairy, pf.	$1.25	Oct. 1	Sept. 15
Fanny Farmer	25c	Oct. 1	Sept. 15
Do., extra	25c	Oct. 1	Sept. 15
Famous Players	15c	Oct. 1	Sept. 30
General Trust, pf.	$1.50	Oct. 1	Sept. 26
Gachin Gold, pf.	18c	Sept. 30	Sept. 15
Gachin Holdings	¾c	Oct. 1	Sept. 15
Guar. of N. Amer.	$1.50	Oct. 15	Sept. 30
Do., extra	$2.50	Oct. 15	Sept. 30
Gt. Lakes Pwr., pf.	$1.75	Oct. 15	Sept. 30
Gt. West Life	$5	Oct. 1	Sept. 20
Goodyear Tire	62c	Oct. 1	Sept. 15
Do., pref	62½c	Oct. 1	Sept. 15
Gatineau Pr., pf.	$1.25	Oct. 1	Sept. 1
Greening Wire	15c	Oct. 1	Sept. 15
Ham. Cotton, pfd.	50c	Oct. 1	Sept. 15
Huron & E. Mtge.	$1	Oct. 1	Sept. 15
Hedley Mascot	3c	Oct. 1	Sept. 1
Hinde & Dauch	25c	Oct. 1	Sept. 15
Hollinger Cons.	5c	Oct. 7	Sept. 23
Do., extra	5c	Oct. 7	Sept. 23
Howe Sound	75c	Sept. 30	Sept. 23
Imperial Bank	$2.50	Nov. 1	Sept. 30
Inter. Power, pf.	$1.50	Oct. 1	Sept. 15
Int. Milling, pf.	$1.25	Oct. 15	Oct. 1
Int. State Rlty., A	28c	Oct. 1	Sept. 15
Inter. Bronze	37½c	Oct. 15	Sept. 30
Do., pref.	37½c	Oct. 15	Sept. 30
Inter. Nickel, pfd.	$1.75	Nov. 1	Oct. 4

DIVIDEND NOTICES

The Canadian Bank of Commerce

Dividend No. 207

Notice is hereby given that a dividend of two per cent in Canadian funds on the paid-up capital stock of this Bank has been declared for the quarter ending 31st October, 1938, and that the same will be payable at the Bank and its Branches on and after Tuesday, 1st November next, to shareholders of record at the close of business on 30th September, 1938. The Transfer Books will not be closed.

By Order of the Board,
A. E. ARSCOTT,
General Manager.
Toronto, 23rd September, 1938.

Moneta Porcupine Mines Limited

(No Personal Liability)

DIVIDEND No. 1

NOTICE is hereby given that a dividend of three cents per share has been declared by the Directors of Moneta Porcupine Mines Limited (No Personal Liability) payable in Canadian funds on October 1st, 1938, to Shareholders of record September 15th, 1938.

By order of the Board.
W. C. C. MACKENZIE,
Secretary.
Toronto, Ontario,
September 2nd, 1938.

Montreal Tramways Company

DIVIDEND NOTICE

NOTICE is hereby given that a dividend of TWO DOLLARS AND TWENTY-FIVE CENTS ($2.25) per share, for the quarter ending September 30th, 1938, has been declared upon the paid in Capital Stock of the Company, to Shareholders of record on Tuesday, the 4th day of October, 1938, at 4 o'clock p.m. and payable on Saturday, the 15th day of October, 1938. By order of the Board,
PATRICK DUBEE,
Secretary-Treasurer.
THURSDAY, September 22nd, 1938.

THE STEEL COMPANY OF CANADA, LIMITED

Preference Dividend No. 109

Notice is hereby given that a dividend of forty-three and three quarters cents (43¾c) per share on the Preference Shares of the Company has been declared for the quarter ending September 30, 1938, payable November 1, 1938, to shareholders of record at the close of business October 7, 1938.

By Order of the Board,
H. S. ALEXANDER,
Secretary.
Hamilton, Ontario,
September 21, 1938.

THE STEEL COMPANY OF CANADA, LIMITED

Ordinary Dividend No. 87

Notice is hereby given that a dividend of forty-three and three quarters cents (43¾c) per share on the Ordinary Shares of the Company has been declared for the quarter ending September 30, 1938, payable November 1, 1938, to shareholders of record at the close of business October 7, 1938.

By Order of the Board,
H. S. ALEXANDER,
Secretary.
Hamilton, Ontario,
September 21, 1938.

Penmans Limited

Dividend Notice

NOTICE is hereby given that the following Dividends have been declared for the quarter ending the 31st day of October, 1938.

On the Preferred Stock, one and one-half per cent. (1½%), payable on the 1st day of November to Shareholders of record of the 21st day of October, 1938.

On the Common Stock, seventy-five cents (75c.) per share, payable on the 15th day of November to Shareholders of record of the 5th day of November, 1938.

By Order of the Board.
C. B. ROBINSON,
Secretary-Treasurer.
Montreal,
September 26, 1938.

Dividends Declared (Con.)

	This payment	Date payable	Date of record
Invest. Found., pf.	75c	Oct. 15	Sept. 30
Jam. Pub. Ser.	43¾c	Oct. 1	Sept. 16
Do., pref.	$1.75	Oct. 1	Sept. 16
Do., 7% pref.	1¾%	Oct. 1	Sept. 16
Koot. Belle	4c	Oct. 22	Oct. 15
Do., extra	1c	Oct. 22	Oct. 15
Landed Bkg.	$1.25	Oct. 1	Sept. 15
Lang, J. A.	17½c	Oct. 1	Sept. 15
Montreal Tele.	80c	Oct. 15	Sept. 30
Mtl. C. D. Bank	$3	Oct. 1	Sept. 15
Moore Corp.	40c	Oct. 1	Sept. 14
Do., A & B pf.	$1.75	Oct. 1	Sept. 14
Moneta Porc.	3c	Oct. 1	Sept. 15
Mtl. L. H. & Pr.	37c	Oct. 31	Sept. 30
McColl-Fron. P.	$1.50	Oct. 15	Sept. 30
Maritime Tel.	17½c	Oct. 15	Sept. 20
Do., pref.	17½c	Oct. 15	Sept. 20
Montreal Trams	$2.25	Oct. 15	Oct. 4
N. B. Telephone	12½c	Oct. 15	Sept. 30
National Brew., c.	50c	Oct. 1	Sept. 15
Do., pref.	$1.75	Oct. 1	Sept. 15
Nat. Biscuit	40c	Oct. 15	Sept. 16
N.S. Light & Pr.	$1.50	Oct. 1	Sept. 17
National Trust	$2	Oct. 1	Sept. 20
North Star Oil, pf.	8¾c	Oct. 1	Sept. 15
New Eng. Pr., 6% p.	$1	Oct. 1	Sept. 1
Do., $2 pref.	33⅓c	Oct. 1	Sept. 1
Niagara Wire	25c	Oct. 1	Sept. 20
Nat. Steel Car	50c	Oct. 15	Sept. 30
Nat. Grocers, pfd.	$1.75	Oct. 1	Sept. 21
North. Ont. Pr., p.	$1.50	Oct. 25	Sept. 30
Do., com.	75c	Oct. 25	Sept. 30
Ottawa L., H. & P.	$1.50	Oct. 1	Sept. 15
Do., pref.	$1.25	Oct. 1	Sept. 15
Ogilvie Flour, c.	25c	Oct. 1	Sept. 20
Ont. Loan & Deb.	$1.25	Oct. 1	Sept. 15
Para. Pictures, 1 p.	$1.50	Oct. 1	Sept. 16
Do., 2nd pref.	15c	Oct. 1	Sept. 16
Prudential Trust	12½c	Oct. 1	Sept. 24
Provincial Pap., pf.	$1.75	Oct. 1	Sept. 15
Penmans	75c	Nov. 15	Nov. 5
Do., pref.	$1.50	Nov. 1	Oct. 21
Pamour Porc.	▲12c	Nov. 1	Oct. 14
Page-Hersey	$1	Oct. 1	Sept. 15
Porto Rico Pr. pf.	$1.75	Oct. 1	Sept. 15
Premier Gold	3c	Oct. 15	Sept. 16
Petrol. Oil & Gas	2c	Oct. 1	Sept. 15
Pioneer Gold, B.C.	10c	Oct. 1	Sept. 1
Power Corp., 1st pf.	$1.50	Oct. 15	Sept. 30
Do., 2nd pfd.	75c	Oct. 15	Sept. 30
Reno Gold	1½c	Oct. 1	Sept. 10
Remington Rand, c.	20c	Oct. 1	Sept. 9
Do., pref.	$1.12½	Oct. 1	Sept. 9
Riverside Silk, A	50c	Oct. 1	Sept. 15
Saguenay Pr., pf.	$1.37½	Nov. 1	Oct. 14
San Antonio G.	7c	Nov. 5	Oct. 20
Sec. Std. Rylts., p.	1c	Nov. 1	Oct. 15
Silbak Prem.	4c	Oct. 25	Oct. 5
Steel of Can.	43¾c	Nov. 1	Oct. 7
Do., pref.	43¾c	Nov. 1	Oct. 7
Sunset Oils	2½c	Oct. 15	Sept. 30
Silverwoods, pf.	20c	Oct. 1	Sept. 26
Stand. Steel, pf.	75c	Oct. 1	Sept. 24
Do., arrears	75c	Oct. 1	Sept. 24
Sheep Creek G.	3c	Oct. 15	Sept. 30
South. Can Pr., p.	$1.50	Oct. 15	Sept. 20
Smith, How., pf.	$1.50	Oct. 15	Sept. 30
Stand. Fuel, pf.	$1.62½	Oct. 1	Sept. 15
Sher.-Williams, p.	‡$1.75	Oct. 1	Sept. 15
Stedman Bros.	15c	Oct. 1	Sept. 20
Sun Life	$3.75	Oct. 1	Sept. 15
Tip Top Tailors, p.	$1.75	Oct. 1	Sept. 20
Do., com.	15c	Oct. 1	Sept. 20
Tamblyn	20c	Oct. 1	Sept. 20
Do., pref.	62½c	Oct. 1	Sept. 20
Toronto Gen. Tr.	$1	Oct. 1	Sept. 17
Teck-Hughes G.	10c	Oct. 1	Sept. 9
Do., bonus	5c	Oct. 1	Sept. 8
Toronto Mortgage	$1.50	Oct. 1	Sept. 15
Tuckett Tob., pf.	$1.75	Oct. 15	Sept. 30
United Bond & S.	20c	Oct. 15	Sept. 30
Viau Ltd., pf.	$1.25	Oct. 1	Sept. 20
Walkerville Brew.	2½c	Oct. 15	Oct. 5
Wabasso Cotton	25c	Oct. 1	Sept. 24
West. Assur., c.	$1.20	Oct. 1	Sept. 27
Weston, Geo., pf.	$1.25	Nov. 1	Oct. 15
West Koot. Pr., pf.	$1.75	Oct. 1	Sept. 15
Weston, Geo., c.	20c	Oct. 1	Sept. 15
Wr.-Harg.	10+5c	Oct. 1	Aug. 26

‡On arrears. ▲Initial.

Dividend Deferred—
Can. Foreign Investment, com., due Oct. 1. Last paid 40c, July 1, 1938.

A. J. PATTISON JR. & CO. Ltd.
Established 1907
CORPORATION SECURITIES
Royal Bank—EL. 5101
TORONTO

APPOINTED MANAGER

Edward W. King has been appointed general manager of Acme Farmers Dairy Ltd., Toronto. He was formerly secretary-treasurer of this company and Eastern Dairies Ltd. Acme Farmers is a subsidiary of the latter company.

Rubber Sales In 1938 Down

Association Hears Report on Outlook—New Officers Elected

A. G. Partridge, president of The Goodyear Tire & Rubber Co. of Canada, has been elected president of the Rubber Association of Canada, following the recent annual meeting of the association at Toronto. J. I. Simpson of Dunlop Tire & Rubber Goods Co. is vice-president.

Other directors appointed for the coming year are: W. A. Eden, Dominion Rubber Co.; F. L. Freudeman, Sterling Rubber Co.; W. H. Funston, Firestone Tire & Rubber Co.; D. E. Kennedy, Northern Rubber Co.; W. H. Miner, Miner Rubber Co.; G. W. Sawin, B. F. Goodrich Rubber Co.; F. A. Warren, Gutta Percha & Rubber, Ltd.

Reporting on the rubber industry, at the annual meeting, A. B. Hannay, secretary of the organization, stated that 1937 was the fifth successive year of increased sales in both domestic and export markets. Sales of Canadian-made rubber goods totalled $60,142,000 in 1937, against $49,114,000 in 1936, he stated. The increase of some $11 millions was made up of $3 millions export and $8 millions domestic business.

Mr. Hannay stated that, "The prospects for 1938 making the sixth successive year of improvement are not so encouraging." During the first seven months of this year, he said, the total tire production was 1,265,211, a decrease of 478,000. Further evidence of decline is shown by the fact that in the first seven months 31,360,627 pounds of crude rubber were imported, which is 6,229,693 less than for the same period of 1937.

The average number of employees of the rubber industry in 1937 was 13,298, which was 943 more than in 1936 and 2,632 more than in 1933. Wages and salaries paid to workers in the industry totalled $15,534,492 in 1937, an increase of 1,835,749 over 1936 and of $4,925,825 over 1933.

The rubber industry paid $4,200,207 in taxes of all kinds in 1937. This total represents an increase of $338,917 over 1936. There has been an increase of $3,654,083, no less than 669%, in the taxes paid by association members in the past 17 years, he states.

Mining Dividends

	Rate	Sept. 26	%
Anglo-Huronian	10c	2.95	3.3
Beattie Gold	10c	1.00	10
Bralorne	60c+40c	8.25	*12.1
Buffalo Ankerite	$1	11.75	8.5
Bulolo Gold	$3	27.50	10.9
Can. Malartic	6c	.70	8.6
Cariboo Gold	10c+6c	2.00	*8
Central Patricia	16c+2c	2.03	..
Conlagas	25c	1.30	..
Coniaurum	10c	1.03	..
Cons. Smelters	50c+50c	48.50	..
Dome Mines	$2	28.50	7
Falconbridge	30c	4.30	7
Gunnar Gold	†3c	.50	6
Hedley Mascot	12c+4c	1.00	*16
Hollinger	65c+45c	12.50	*8.8
Howey Gold	4c	.23	..
Hudson Bay	75c	28.00	..
Inter. Mining	35c	8.00	..
Int. Nickel, com.	$2+25c	46.00	*4.9
Island Mountain	5c	1.20	4.2
Jack Waite	†1½c	.23½	..
Kerr Lake	5c	.51	9.8
Kirkland Lake	8c	1.00	8
Kootenay Belle	16c+2c	1.20	*15
Lake Shore	$4	45.50	8.8
Lava Cap M.	8c	.80	..
Little Long Lac	20c	2.50	..
Laguna	†5c	.25	..
Macassa	20c	3.80	5.3
McGillvray Creek	3c	.21	..
McKenzie Red Lake	12c	.95	12.6
McKinley Sec.	5c	.50	10
Moneta	3c	1.18	..
Noranda	‡2	62.50	..
Nipissing	15c	1.50	..
North Empire	50c	7.00	7.2
Oro Plata	†4c	.35	..
Pamour Porc.	‡12c	3.80	..
Paymaster	‡1c	.43	..
Pioneer, B.C.	40c	2.50	16
Pickle Crow	40c	4.25	9.4
Placer Develop.	$1.20	15.25	7.9
Premier	12c	1.90	6.3
Reno	10½c	.32	..
San Antonio	14c	1.10	12.7
Sheep Creek	12c+4c	.83	..
Silbak Prem.	8c	1.60	..
Siscoe	20c+1c	1.50	*14
Sudbury Basin	10c	2.00	..
Sullivan Cons.	5c	.70	7.2
Sylvanite	20c+5c	2.75	*9.2
Teck-Hughes	40c+5c	4.20	*10.4
Toburn	8c+4c	1.55	*7.7
Ventures	37½c	3.95	9.5
Wright-Harg.	40c+30c	6.95	*10

†Initial. ‡Interim. *Yield includes bonus.

DIVIDEND NOTICES

San Antonio Gold Mines Limited

(No Personal Liability)

Interim Dividend Number Ten

Notice is hereby given that a dividend of seven cents (7c) a share on the outstanding capital stock of the company has been declared, payable November 5th, 1938, to shareholders of record at the close of business on the 20th day of October, 1938.

By Order of the Board.
M. SNYDER,
Secretary.
Winnipeg, September 21, 1938.

Federal Grain Earnings Down

Has Net Loss of $71,295 Before Providing for Depreciation

From Our Own Correspondent

MONTREAL.—Federal Grain Ltd. reports a sharp drop in earnings in the year ended July 31 last, there being a deficit of $71,295 before providing for depreciation. This compares with a deficit of $84,611 in the 1936-37 fiscal year after making provision for depreciation of $110,113.

While no provision was made for depreciation in the 1937-38 fiscal year, a substantial amount was expended for repairs, modernizing obsolete elevators and installing modern equipment to meet changing grain handling methods.

The company enjoys a strong liquid position, cash alone amounting to over $1.4 million. Working capital amounts to $1.2 million.

During the year $141,000 of first mortgage bonds were redeemed, leaving $3,254,000 outstanding at July 31 last.

Sells Terminal Elevator

H. E. Sellers, president, reports the company completed a satisfactory arrangement at the close of its fiscal year for the sale of one of its three terminal elevators at Fort William. Payment will be made in equal annual installments, including principal and interest, and will be spread over a number of years. Mortgage receivable of $340,000 shown by the balance sheet represents the balance due on this transaction. The company continues to operate two Lakehead terminal elevators with a capacity of 5,250,000 bushels.

Value of fixed assets, at cost, carried in the balance sheet at $8,230,962 is $506,789 lower than a year ago. Value of fixed assets after deducting depreciation reserve is $330,520 lower at $6,179,536. The reduction in this item results largely from sale of the terminal elevator mentioned above.

Income and Surplus Account
Years Ended July 31

	1938 $	1937 $
Oper. profit	150,429	276,747
Less: Exec. salaries	42,748	44,780
Legal fees	254	1,218
Directors' fees	1,500	1,500
Add: Inc. from invest.	23,438	46,430
Net earnings	129,865	275,929
Less: Depreciation	......	110,113
Bond int. & prem.	199,306	204,178
Loss on rebldg. elevs.	1,354	1,249
Prov. for moving elevs.	......	40,000
Organ. exp. w/o	......	5,000
Deficit for year	71,295	84,611
Add: Prev. surplus	391,437	476,048
Balance forward	320,142	391,437

Working Capital

	1938 $	1937 $
Current assets	1,668,223	1,699,647
Current liabilities	447,435	355,603
Working capital	1,220,788	1,344,044

Commodities

The commodity markets, like all others, have been reflecting the possibility of war in Europe though fluctuations continue slight. Wheat has made the biggest advance and to a much lesser extent has been followed by copper. Other war sensitive lines, like rubber and cotton, however, have been easier or merely steady. Livestock prices have declined. Net results of all changes has been a slight gain in weekly indices, no change in those showing monthly fluctuations.

Even if Europe should finally decide to uncover gun muzzles this month, no very sharp rises in commodity prices are anticipated immediately. Observers point out that potential belligerent countries have already loaded up heavily with copper, nickel, lead, iron scrap and other sinews of war, and accumulations of most foodstuffs, including wheat, are ample to take care of any unusual demand for the next few months.

Quite probable any war demand for the time being might not fully compensate immediately the collapse of peace buying. Eventually, of course, all commodities would rise with a continuance of any large scale war, but a jump would not necessarily automatically follow a declaration of hostilities.

Price Range

	Latest week	Previous week	Same week last yr.
Cattle	$6.25	$7.00	$10.00
Hogs	9.75	10.10	11.50
Copper, lb.	.10⅜	.10¼	.14
Cotton, lb.	.0825	.0825	.0859
Rubber, lb.	.1606	.1608	.1825
Sugar, raw, lb.	.03	.03	.0330
Silk, lb.	1.78	1.76½	1.88½
Wheat, Man. (bus.)	.69⅛	.64⅝	1.41⅛
Coffee, lb.	.05½	.05¼	.09¼
Hides	.11	.11	.15½

Weekly Indices

	Latest week	Previous week	Same week last yr.
Canada (D.B.S.)	74.5	74.0	84.8
Do., Wood, Gundy	55.6	56.0	77.9
U. S. Labor	78.3	77.9	87.4
Dow Jones (future)	47.59	47.53	60.78
Crumps (Brit.)	71.9	71.8	82.3
Fisher's	80.8	80.7	92.2

Monthly Indices

	Latest month	Prev. month	Same last year
Canada (D.B.S.)			
Retail (Aug.)	84.9	84.2	83.7
W'sale (Aug.)	76.0	78.6	85.6
U. S. (July)	78.8	78.3	87.9
Gt. Brit. (July)	100.6	100.7	111.5

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle — Steers, good, over 1,050 lb., top price, Toronto Copper-electrolytic, New York: Silk — Japanese, 13-15 New York: Sugar — 96 degrees centrifugal c/f New York: Wheat — No. 1 Man. North, Ft. W.-Pt. A. Basis: Hides — No. 1 packer light.

Mining Company Options

Fernland Gold Mines—Sept. 14 installment comprising option on 50,000 shares at 20 cents held by J. M. R. Corbett has been extended to Oct. 15, and all subsequent installments correspondingly extended.

Halcrow Swayze Mines—Option dated Apr. 29 to H. F. Strong and L. L. Steindler comprising 100,000 shares at 5 cents by Sept. 20, 100,000 shares at 10 cents by Dec. 31 and 50,000 shares at 15 cents by Mar. 31, has been cancelled by mutual consent.

Pandora Cadillac Gold Mines—Company has sold 30,000 shares to McFetrick and Co. Ltd., Montreal, for $6,000 which has been paid. Issued capital is 2,860,007 shares.

Partanen Malartic Gold Mines—Sept. 19 installment on 100,000 shares at 17½ cents under agreement dated May 20, 1938, has not been exercised and agreement has been terminated by default. Issued capital is 1,800,006 shares.

Baghdad-Larder Mines—Sum of $11,000 has been received on account of agreement of May 10 with W. J. Lawson, and further extension of 30 days granted in time for payment.

Cataraqui Gold Mines—A further extension of one month granted W. M. Brown on agreement of Apr. 28 whereby 1,438,773 shares optioned at 5 cents to 50 cents per share.

McVittie-Kirkland Mines—An extension of 30 days granted W. E. Bailor on agreement of June 1, whereby 1,000,000 shares optioned at 2 cents to 8 cents per share.

Week in Wheat

Uncertainties Check Wheat Price Advance

War Purchasing Hampered by Fears of Interference But Sales Mounting — Great War Price Jump Might Not be Quickly Repeated

From Our Own Correspondent

WINNIPEG.—While threat of war has dominated wheat markets, with sharp price advances recorded, the latter are still comparatively small when usual war prices are considered. Political dangers bring a good deal of buying into the market, but they also tend to interfere with routine business.

Merchants on this side of the Atlantic find difficulties and dangers in making commitments for shipment of specific quantities at specific dates. What freight space may be available, what foreign exchange may be worth, what ports or sea lanes may be closed, and what may be the financial position of correspondents overseas and their ability to meet their obligations, are all considerations that tend to limit business.

The feeling that if war breaks out the control by governments over the grain trade will be promptly extended to the completest possible degree also removes an incentive for forward trading.

Big Volume Sales

In spite of war uncertainties, however, a very large volume of business has been transacted. The Canadian Wheat Board apparently has made available considerable supplies, particularly of cash wheat for immediate shipment from the head of the lakes. It has been taken for granted for some time that if war breaks out, large direct transactions would take place between the Board and the British Government.

With resumption of good threshing and hauling weather, grain is pouring into country elevators at the rate of more than 5 million bushels daily. Shipments are being made from the head of the lakes as rapidly as vessels can be provided, and all available boats have been chartered for weeks ahead. The prevailing rate of 7 cents a bushel for lake freight to Montreal, double the distress rate which prevailed frequently during the past year, is an indication of the pressure to get grain forward, while it also provides an incentive to lake carriers to make every possible effort for rapid movement. The keenest demand has been for immediate supplies. Germany has been a heavy buyer.

• • •

Big War Supplies

In trying to determine wheat price trends in the advent of war, the history of 1914-1919 offers only limited help. Observers point out that conditions today are not at all similar.

Prior to the Great War Canada's wheat acreage was only about half that of today and there have been similar large acreage increase in the United States, Europe, Northern Africa and Russia. Moreover the entry of Turkey into the Great War bottled up huge Russian supplies in Black Sea ports and there was left only abnormally short current crops in North America from which the Allies could draw freely. This fall wheat is abundant in the United and Canada, and there is little immediate likelihood of Russian supplies being cut off.

• • •

U. S. at Disadvantage

United States wheat markets shared advances of the past few days with Winnipeg. The situation, however, makes for greater strength in Winnipeg than south of the line. True, there is a larger volume of American speculative buying, but the fact still remains that the United States has a large surplus of wheat, and war, for a time at least, might impair, rather than expand, its ability to sell. Arrangements for subsidizing exports might fall down completely, shipping might be lacking, and there is always the possibility of neutrality legislation, and the "cash and carry" plan for dealing with belligerents limiting the export of commodities from the country.

• • •

Short Route Favored

Terminals at Vancouver have now become congested. A good deal of Alberta grain is now being consigned east and terminal elevators opened by the Government at Lethbridge and Calgary are also to be filled up. Freight rates from Vancouver have been advancing sharply, and the probability now appears that a smaller proportion of Alberta's wheat will be exported from Vancouver than was expected a few weeks ago. War, or even the threat of war, tends to keep shipping concentrated on the shorter ocean routes. The advance in ocean rates is tending to increase advantage of Canadian over Argentine and Australian wheat, for which, in cases of extreme emergency, it may not be possible to find shipping space.

Rust-proof Renown Wheat Chosen to Succeed Marquis

From Our Own Correspondent

WINNIPEG.—Every possible effort is being made to save for seed every pound of the new rust-proof Renown wheat. This variety, developed by Dominion Government plant breeding stations, is generally regarded as the most likely to replace Marquis. At one time, it was believed that Thatcher, the only rust-proof wheat yet available in commercial quantity would have that honor.

While Thatcher produces a berry of high quality its appearance is against it especially if it has been bleached by the weather. It is considered important to maintain appearance as well as the quality of the wheat exported from western Canada. Moreover, while Thatcher is immune to stem rust, the most dangerous of the varieties of rust attacking wheat, it is not immune to leaf rust, which is capable of doing a good deal of damage.

Renown so far has proved to be immune to any type of rust and produces a kernel of appearance equal to Marquis. Possibly half a million bushels of Renown will be available for seeding next year and from then on sufficient to supply the needs of all districts where rust is most feared.

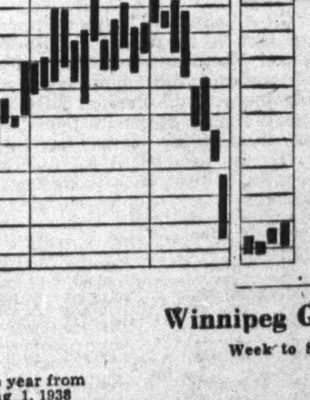
Many farmers who grew Thatcher this year, while obtaining fair yields, nevertheless were disappointed in grades though weather and not wheat variety was probably responsible. One result was a good deal of uneven ripening, and the production of a certain number of green kernels in the crop, which had the effect of lowering grades.

Eldorado Still Shipping Concentrates to Steel

Radium-silver concentrates continue to be moved out from Great Bear Lake by Eldorado Gold Mines as navigation remain open. Shipments for next year's production of the Port Hope refinery have already gone forward and present movement is in the nature of "spring" shipments.

Current mill production will be moved as long as weather holds and will be stored in warehouses en route on freeze-up. Shipments will thus be available for Northern Transportation Co., ships in the spring before the opening of navigation on the Great Bear Lake section which is last to thaw in the spring.

Wheat Prices



(Cash Quotations)

	For Week Sept. 27 High	Low	Prev. Week High	Low
1 Northern	.69½	.61½	.67¼	.63
2 Northern	.66	.58	.63¾	.59½
3 Northern	.64	.55¾	.61½	.57¼
4 Northern	.60	.51¼	.59	.52¾
5 Wheat	.53½	.46¾	.52½	.48¾
6 Wheat	.47½	.40¾	.46½	.42¼
Feed Wheat	.44½	.37¾	.43½	.39¼

Competitive Export Prices:
Sept.-Oct. shipments:

	Week to Sept. 27 High	Low
No. 1 North. (Van.)	.84½	.83¼
No. 3 North. (Atlan.)	.83¼	.77⅞
Australian (afloat)	.89¾	.80⅞
U. S. White Pac. (afloat)	.74⅞	.73¼
Russian† (low quality)	.73⅝	.60½
Russian† (high quality)	.74⅞	.67⅞

†Sample afloat.

Winnipeg Grain Futures

Week to Sept. 27, 1938

Crop year from Aug 1, 1938 High	Low		Open Sept. 21	High for week	Low for week	Close Sept. 27	Close year ago
		Wheat					
.77⅝	.56⅞	Oct.	.62⅝	.69	.60½	.67⅛	1.30⅝
.77¼	.57⅛	Nov.	.62¾	.69	.60⅝	.67¼	1.30⅛
.76⅝	.56½	Dec.	.61⅞	.68⅝	.60	.66	1.25⅞
.79⅛	.60¼	May	.65¼	.71⅝	.63½	.68⅞	1.25¾
		Oats					
.32⅞	.27	Oct.	.29¼	.32⅝	.28	.30¼	.53⅝
.31½	.25¾	Dec.	.28½	.30⅛	.27⅛	.29	.51¼
.33¼	.28	May	.30¼	.31⅝	.28⅝	.30⅝	.50⅛
		Barley					
.45	.32⅝	Oct.	.35¾	.40½	.34¾	.39¼	.62⅞
.44⅛	.33⅛	Dec.	.34¾	.40	.34⅝	.39	.60⅞
.44⅝	.35⅛	May	.37¼	.42	.36½	.40¼	.60⅛
		Flax					
1.43¾	1.27	Oct.	1.34	1.41¾	1.33⅝	1.38½	1.77⅝
1.41½	1.25¼	Dec.	1.33	1.41½	1.32½	1.36½	1.77¾
		Rye					
.46½	.36	Oct.	.39¾	.44⅝	.38⅞	.43⅝	.93½
.47⅞	.36⅝	Dec.	.40¼	.46½	.39⅝	.44	.93
.47⅝	.39⅝	May	.42⅛	.46⅝	.41⅛	.46	.94

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Beaverhouse Completes Dewatering Third Level

Unwatering the third level of Beaverhouse Lake Gold Mines has been completed, according to information released by Bunker Hill Extension Mines, holders of a large equity in the company.

Washing down the workings is to be undertaken following a complete resurveying of the entire level with its extensive workings. Old veins and ore shoots are to be examined and sampled.

Work is planned to locate the downward extension of the favorable ore shoot located at the 200-ft. level, showing a combined length of 170 ft., with values of $14 per ton.

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Week in Mining

See Market Situation Better than in 1914

Very Fast Action Expected When Die is Cast Either Way—What Would War Mean to Gold Mine Operations?—Edmonton Booms

Ask Mr. Hitler.

He knows whether stocks are going up or down.

Nobody else does.

But look sharp. When the die is cast—either way—the market is almost sure to act awfully fast. If it is to be peace—even the kind of thing we have been calling peace in the past decade—the market can be expected to act promptly. If it is to be war, then, the market faces a new and conflicting set of factors almost as crazy as a battlefield itself.

One thing about the Canadian stock market situation is very different now compared with 1914. To an unusually high degree, today's is a cash market. Regulations and circumstances have kept margin holdings of the investing community at large very low. Furthermore, there is not yet great public participation in the market. Both factors will be important in coming days. There will—in any event—be less panic selling and a quicker appraisal both of real worth and of profit possibilities, either in war or peace.

• • •

War on Credit

What would war do to gold stocks, is a question a lot of people have been asking. Here are a few considerations. Who now holds most of the world's gold? Britain and United States. The same countries have a very sizeable chunk of the world's raw materials and a corner on others. Some have asked this question. Since everybody else will be waging war on credit, some of them with hardly any gold, for a foundation, and since those two have the gold and the raw materials will that mean that the hunt for gold will be postponed and present supplies declared adequate for the time being?

The question is a good one; save for this reason. Nobody knows the answer. The last war produced changes which few dreamed possible, at least so soon. Only a babbler could predict events which another war would bring or which would follow it.

• • •

Miners or Soldiers

This practical consideration may be kept in mind, however. Getting men to work any kind of mine would probably be difficult. Nearly all mine labor is of a type immensely useful for war purposes. Because of the importance of base metal mines to the national economy in such an emergency, it is conceivable that the Government might co-operate—even by conscription—in seeing that they had all the labor required.

Another practical consideration is the rising cost of operations in war time. Explosives, cyanide, lumber, steel, iron. Those are the big things around any mine. They are also the big things on a battlefront. Will a government at war spare these things? Will their inflated cost skim too much profit off some operations?

• • •

Unique

On the other hand, Canada is in a unique position. Nowhere else in the world have such large and apparently rich areas been discovered where copper and gold come together. Elsewhere copper comes with lead, zinc, silver, iron, nickel and sulphur. Yet Canada has Noranda, and vast, as as yet only partially tried, areas in northern Quebec where copper and gold are produced in the same operation.

War would send copper prices skyrocketing, providing the extra profit to keep copper—and gold—mining profitable.

• • •

Wisecracks

With the Con property pouring its first brick and the first for the Yellowknife, with more and still hot drill result news coming through about that gigantic territory, it appears that Canada's mining eyes are going to be turned northwest a good deal of the time.

Important for the nation as a whole, the Yellowknife can mean a very great deal, particularly to the city of Edmonton. We have just come back from there, and the Alberta capital is buzzing with hope. Calgary has long had its oil business. Edmonton has very little interest in oil and loftily wisecracks about Calgary enthusiasms. Calgary would probably do the same about the Yellowknife if it ever looked at anything but oil.

• • •

Gateway

Gateway to an area larger than the whole of Europe, Edmonton is pretty confident that it will be to the Yellowknife what Toronto is to Kirkland Lake and the camps of northern Ontario, what Montreal is to northern Quebec.

There is a good deal of money in and around Edmonton. To put it very mildly, the city was built on the grand scale, especially as regards roads which stretch miles into the country. Two stores, Eaton's and Hudson's Bay, now under construction, are also on the very grand scale.

Unless the sorry unexpected happens and the Yellowknife is disappointing, Edmonton will likely soon realize its long dream of getting its own stock exchange. It is understood that the quest for a charter was nearly successful last year.

Edmonton is all in the mood for "going to town."

• • •

Insides

Still another use for nickel. This time for lining the insides of a steamship. The freighter Dolomite IV, 5,500 tons, has just completed its trial trip, Oswego to Chicago. Advantage of the nickel lining is that this Dolomite can carry chemicals one trip without suffering corrosion, bulk freight the next, or gasoline one trip, grain the next. The nickel can be rapidly and thoroughly cleaned. Nickel has previously been used in tank trucks and cars, but the Dolomite is a pioneer.

Anglo-Huronian Loss Is 13.4c

Share Value Estimated at $4.24—Read-Authier Holding Increased

Net loss of 13.4 cents is reported by Anglo-Huronian for year ended July 31, 1938, compared with profit of 80.4 cents the previous fiscal year. Loss of $300,750 on securities sale in 1938 as compared with profit of $1,030,997 the previous year, was chiefly responsible for the poorer showing.

Fair asset values, as estimated by directors, was maintained at $4.24 per share, in spite of the decline of the securities market. The previous year it was $5.53 per share.

Holdings of Read-Authier shares have been increased and a distribution of Lamaque and Sigma shares is expected shortly. In addition, shares will be received in another company which will take over remaining Read-Authier assets.

Privateer Mines, in the Zeballos area, B.C., is the latest addition to the company's portfolio.

An option has been taken on the "Blue Ice" group of claims, Hobson Creek area, Kamloops mining district, B.C. A length of 110 ft. has been opened at surface averaging $10 across 16 ft. Diamond drilling is being arranged.

Exploration at Mace Gold Mines has so far failed to locate new ore bodies. Ore recovered in old shoots allowed milling to continue on a reduced scale.

Balance sheet as at July 31, 1938, shows current assets of $7,135,737 including cash of $1,127,019, marketable securities of $5,593,641 (market value $4,955,000), and secured loans of $208,120. Current liabilities were $246,103.

East Malartic Mines Reports on Progress

East Malartic Mines carried out 1,152 ft. of drifting, crosscutting and raising during the last half of August, according to a progress report issued by J. R. Norrie. In addition, 10,420 cubic feet of slashing was carried out.

The east drift at the 485-ft. level was extended an additional 53.7 ft. during the period, averaging $5.34 for the distance with the entire length of 407.9 ft. of drifting, now completed to the east, averaging $7.59 per ton. Drifting has now opened up a length of 1,457 ft. of continuous ore at this level averaging $9 per ton.

A drill hole put out north from the 485-ft. level east drift intersected 9 ft. averaging $6.72 per ton. Another hole drilled northeast from the 670-ft. level east drift encountered 45.6 ft. averaging $6.13 per ton. A third drill hole up at 55 degrees from the face of the 2-7 north crosscut encountered 9 ft. averaging $5.13 and 36.8 ft. averaging $4.89 per ton.

Development crosscuts and horizontal drill holes on the 670-ft. level show that width and grade are better on this level. Mill and other construction work is stated to be progressing favorably and development of stopes Nos. 1, 2 and 3 at the 335-ft. level is proceeding rapidly.

Chesterville is stated to have cut the "D" or third ore body in a crosscut at the second level. The crosscut is stated to be in ore for 36 ft. with ore still showing in the face. Values for the first 15 ft. are stated to be above mine average with values for the balance not yet received.

Chromium Sees Profit Possible

Udy Process Valuable — Seek Shareholders' Aid to Finance

Ores of no previous commercial importance can be profitably treated by the patented Udy process of Chromium Mining & Smelting Co., shareholders were informed by Leo Timmins, president, in Hamilton, Wednesday. While work was suspended at the Collins property in Sept., 1937, when no extensive chrome deposit was outlined, directors are not apprehensive of a future supply of ore, he said.

Low-grade chrome ores can be treated by the Udy process producing low carbon ferrochrome or a new product called Chromx which can be used in place of ferro-chromium in introducing chromium into steel.

Directors feel that the company's position would be more secure if it owned or controlled its own chromite deposit and a search is being carried on expected to result in the location of such a deposit before next annual meeting.

Other deposits containing ferro-alloy ores such as manganese, vanadium, molybdenite, columbite, etc., are being investigated. There are stated to be unlimited deposits of this type of ore in different parts of the world to be treated profitably by the Udy process and which heretofore were of little or no commercial value.

Two main proposals were to be submitted to the meeting with the object of financing a commercial unit, providing working capital, and for retirement of advances by N. A. Timmins Corp. The first proposal was an increase in authorized capital from three to four million shares. The second involved authorization of $1.5 million of 10-year 5% redeemable mortgage bonds with $1,250,000 to be issued.

The $1,250,000 bonds were to be offered shareholders together with 500,000 shares of stock on basis of $100 par value bonds and 40 shares stock for $100. Rights expire Oct. 31.

Subject to pro-rating no limit is set on the amount shareholders may subscribe. N. A. Timmins Corp., has agreed to underwrite the issue at the same price.

Proposed plant in Sault Ste. Marie is estimated to cost $400,000. Earnings are estimated at $250,000 per annum before interest and taxes, but after depreciation although variation in certain factors may alter results. This estimate is considered conservative and earnings might reach $400,000 a year.

Paragon Makes Stock Offering

New Vancouver Hat Company Puts Preference Shares on Sale

Paragon Hat Manufacturing Co., Vancouver, B.C., is making a public offering of 21,500 cumulative 7% preference shares at par value of $10 a share. A bonus of two common shares may be given with every preference share, if directors so decide.

The company was incorporated in British Columbia on June 3, 1938, head office and plant in Vancouver. It will manufacture fur and woven felt hats.

Authorized capital consists of 25,000 preference shares of $10 par value, and 150,000 ordinary shares of no par value. Subscribed stock at July 7, 1938, was 3,850 shares of preference and 107,700 ordinary shares.

Frank Gaspar, Vancouver, received 3,500 preference shares and 107,000 ordinary shares in consideration of machinery, trademarks, land and building and other assets. The company entered into a five-year contract with Mr. Gaspar, specifying a minimum salary of $150 per month.

The amount fixed as the minimum subscription on which the directors may proceed to allotment is $3,500, comprised of: $500 for installation of machinery and equipment; $1,500 for additional material and processing, and $1,500 for preliminary expenses.

All the assets are free of encumbrances, with the exception of the land and building acquired, on which there is a balance of $4,800.

Directors are: Frank Gaspar, John M. Chesman, John E. Sears, John Watson and Leslie R. Mason, all of Vancouver.

Sale of Goodsite Mining Shares Is Forbidden

As a result of information supplied by the Toronto Better Business Bureau, the Ontario Securities Commission has ordered discontinuance of the sale of Goodsite Mining Syndicate shares.

August Gold Production $8,829,381 in Ontario

Ontario produced $8,829,381 in gold during August, from 56 mines, compared with $8,894,877 in July from 52 mines. The decline of $65,496 was attributable to slightly lowered production from mines in the Porcupine area. Other producing areas, Kirkland Lake, Matachewan, Sudbury and the northwestern fields, all improved their positions slightly.

Cline Lake Gold Mines commenced production in August, while Deep Lake, Minto and J-M Consolidated also resumed milling operations during the period. Preston East Dome made a small shipment from recovery in sampling operations.

Ontario production for first eight months of 1938, with totals for 1937, follow:

Monthly Output of Ontario Mines

	1938 Tons milled	1938 Value $	1937 Tons milled	1937 Value $
Porcupine Area:				
Jan. to June	2,090,287	19,163,261	2,315,209	21,105,523
July	364,190	3,340,497	408,004	4,174,770
August	367,769	3,335,350	415,125	3,933,146
Total	2,822,246	25,839,108	3,138,338	29,213,438
Kirkland Lake-Larder Lake Area:				
Jan. to June	1,147,965	17,576,161	1,260,867	17,692,307
July	204,703	3,002,529	222,632	3,124,614
August	207,116	2,839,789	225,919	3,244,150
Total	1,559,784	23,418,479	1,709,418	24,061,071
Matchewan Area:				
Jan. to June	225,970	859,480	250,056	993,637
July	39,380	162,394	41,810	178,942
August	40,733	170,006	45,158	187,133
Total	306,083	1,191,880	337,024	1,359,712
Northwestern Ontario:				
Jan. to June	568,363	5,455,563	719,116	7,299,544
July	104,607	1,024,974	138,733	1,416,551
August	108,269	1,055,102	148,191	1,464,952
Total	781,239	7,535,639	1,006,040	10,181,047
Total for Ontario:				
Jan. to June	4,032,585	43,054,465	4,545,248	47,091,011
July	712,880	7,530,394	811,179	8,894,877
August	723,887	7,400,247	834,393	8,829,381
Grand Total	5,469,352	57,985,106	6,190,820	64,815,269

The Week in Oils

Plan to Start on Dozen Oil Wells Next Month

Recent Big Producers in New Corner of Field Create Sharp New Interest—Repressuring to Preserve Field's Life is Now Under Consideration

From Our Own Correspondent

CALGARY.—Far from drying up the expenditure of more money to open up new wells and to prove new territory as predicted by some when its proration orders went into effect, the Alberta Conservation Board state they have received many applications from several operators for permits to drill wells in the Turner Valley area.

The Board would not disclose the number of permits requested, but information indicates that drilling will commence on at least a dozen new wells during October.

The cost of drilling a well in Turner Valley ranges from $135,000 to $165,000. Tanks and other equipment at the well heads costs another $25,000. Consequently a 12-well programme involves expenditure of over $2 millions.

• • •

Operators Reassured

This spurt in drilling can be attributed to several factors: the operators wanted to know how the Conservation Board's regulations were going to affect the crude producers. It is now generally conceded that proration orders are in the interests of the field. Nearly all agree that proration will mean a much greater ultimate recovery of oil and profit to the producer.

Another factor greatly stimulating development in the south end of the field is the fact that Royalite 32 York 1 and Sunset 2, located in that area, which have come into production in recent weeks, are among the largest producers in the field. As a result, it is unofficially reported that five new wells will be drilled in that immediate area.

It is unofficially reported that Anglo-Canadian Oil Co. will commence drilling two wells shortly on the S.W.¼ of Section 17, Township 18, Range 2, west of the 5th.

York Oils are now moving equipment from their No. 1 well to their No. 2 location about a quarter of a mile northwest of their No. 1 well. About a half mile southwest of York No. 2 on the northeast corner of Section 18, Inland Development Co. has arranged to drill a well. On the same quarter section a syndicate headed by Lucky Welsh is reported to have secured acreage and will be drilling shortly.

• • •

Derrick is Up

National Pete No. 3 will start drilling immediately in L.S.D. 14, Section 32, Township 18, Range 2, West of the 5th. Scottish Pete has erected a derrick in L.S.D. 12, Section 19, Township 18, Range 2, West of the 5th. The Royalite Co. has erected a derrick for their No. 37 well on L.S.D. 15, Section 32, Township 18, Range 2, West of the 5th. East Creek No. 4 is resuming drilling of their No. 4 well, just north of Royalite No. 37.

A few miles north of the Vulcan Brown area, a three-well programme is reported to be under way in which several companies are interested.

Wildcat structures are still very much in the spotlight. There are now 19 wells being drilled on new structures and most of the companies involved are fully financed, which means the tests will be completed.

Last week saw a new company incorporated to test another wildcat structure known as The Quaich. It is located about 150 miles south and west of Calgary in the foothills area. "Quaich" in Scotland means "bowl." A Scottish geologist, Cunningham Craig, discovered this structure several years ago.

About 15 years ago, Gap Oils drilled a well to 700 feet, but operations were discontinued on account of lack of finances. The present group expect to make a deep test.

• • •

Nearing Completion

Wells nearing completion are Brown Oil No. 5 and Consolidated No. 1. Both wells are now over 60 feet in the producing horizons, at around 6,700 feet and 7,500 feet respectively. These wells should be completed in another week or 10 days.

Home Oil No. 2, considered an important test well, located in the north end of the Turner Valley field, is drilling below 6,900 feet. From present geological information it is expected the lime will be contacted at around 7,500 feet. Should this Home Well prove a producer, it will greatly extend the Turner Valley field.

Other wells nearing the lime are Davies No. 4 at over 6,500, and West Turner No. 3 at over 6,300 feet.

• • •

Study Repressuring

At least two oil outfits are now studying possibility of repressuring wells in Turner Valley, this adding to their life, or staving off the day of pumping.

Doubt that repressuring of the Turner Valley producing horizon could be successfully accomplished was dispelled by a repressuring expert from the United States, J. B. O'Connor, vice-president of Clark Bros., brought here to advise on the situation.

Mr. O'Connor claims his firm has installed repressuring plants in U.S. fields where the conditions were almost similar. He stated there were several problems to overcome. One of the greatest was the number of operators involved and the difficulty of getting them to unite on a common enterprise of this kind, the variations in rock pressures, and other factors

It is explained the repressuring plant could be operated as a field unit, or several operators could get together and install a plant for their own wells. In several Texas fields, the latter method is used. The experts say as yet it is too early to estimate the cost of a plant, but said $2 millions might be an approximate figure.

Hollinger and Mining Corp. Make Deals in Opeep' Lake

From Our Own Correspondent

SUDBURY.—Reports of two deals having been completed with prominent mining companies for properties in the Opeepeesway district are indicative of the interest which continues to be shown in this region.

It was reported authoritatively that Hollinger has acquired an option on the Burscot Syndicate of six claims on the northwest arm of the lake, for cash and a block of shares in a company to be formed. The property is located about five miles to the northwest from the original discovery by Bert Jerome for Mining Corp.

The other deal reported is that in which Mining Corp. secures the Shannon claims, a group of 13 adjoining the Jerome find. J. A. Shannon, of Sudbury, is owner.

On the Burscott property the big company plans a further diamond drilling campaign, and Archie Burton, of Sudbury, one of the principals of the vending syndicate, has a contract to drill 5,000 feet. Previous work done by Mr. Burton gave encouraging results. Five shallow drill holes were put down, and an average of $9.50 per ton was secured over 20 feet. All five holes intersected the vein, Mr. Burton states, and drilling covered about 350 feet along the strike.

Private interests are stated to have secured an option on the Taylor group of 17 claims, about three-quarters of a mile northwest of the Mining Corp. boundary. It is announced an active exploration campaign is planned on showings that have already given good promise.

John McCullough, a pioneer Sudbury prospector, has 11 claims in Osway and four in Huffman township, in one block. Work is now proceeding. These claims tie on to the Shannon and Mining Corp. on the south.

On the original discovery, Mining Corp. now has about 30 men exploring the vein on surface and diamond drilling.

The area of staking has been considerably enlarged in the last two or three weeks, and the Sudbury recording office records show that over 500 claims have been registered.

Surveyors are reported going in to survey a road from Ramsey on the C.P.R. to the new field, which is located almost midway between the Canadian National and Canadian Pacific railways.

Red Lake Gold Shore Stops Mill; Ore Gone

Mining and milling operations have been suspended at Red Lake Gold Shore Mines following exhaustion of ore above the 1,000-ft. level.

Joint report on operations by John W. Shaw, consulting engineer, and E. P. Sawyer, resident engineer, recommends sinking of the winze and opening up a new level as well as other additional exploration. It is estimated $100,000 should be raised before considering resumption of operations.

A second report by J. L. Ramsell of McKenzie Red Lake Gold Mines states it is doubtful if finding of new ore at depth similar to that on upper levels would warrant the extra expenditure involved in development at depth.

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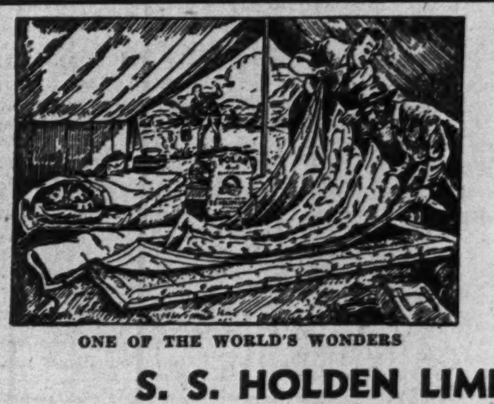

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WHY DOES ANYBODY BORROW FROM A BANK?

★ ★

WHY does anybody borrow money?

Here is the answer: Usually to make a profit or to use the money for his advantage.

Be the borrower a farmer, marketing organization, lumberman, miner, fisherman, rancher, manufacturer—none ever borrows from a bank and pays interest except to gain a benefit outweighing the interest charges.

Every Canadian dollar represents tangible wealth already produced, or wages paid for services rendered.

Every Canadian dollar issued can be described accurately as to purpose, as a wealth-producing, wage-paying, profit-seeking dollar.

Occasionally some borrowed dollars become temporarily deadweight debt—perhaps you suffer a loss for a season through drought or other natural calamity. But with a better season, better prices and brighter business, the loser has a chance to recover his losses.

"I borrow $1,000 from the bank, paying interest because the bank is rendering me a service," one man instances. He goes on thus:

"Why do I borrow the $1,000?

"To use in a business deal and make a profit.

"My deal concluded successfully, I repay the bank and have a profit of say $100, which I put to my credit in the bank.

"The bank has back its $1,000 and interest, and I have $100 I didn't have before.

"Multiply that borrowing of mine, my use of the money, my repayment and my profit, by many borrowers, day after day, and you see what is happening as a continuous revolving process throughout the year in the business world."

A farmer borrows for seed, cultivation or harvesting; a fisherman borrows for bait, boat or wages; a manufacturer borrows against raw materials being fabricated, to pay wages to finish and market his goods—but none of these borrows except in the hope of profit to himself, in supplying the needs of others.

Banking is not mysterious.

A farmer's co-operative marketing organization uses bank credit so that the farmer may get cash for his crop at the elevator without waiting for it to reach Liverpool.

A merchant borrows from the bank and is enabled to pay his bills early, take advantage of discounts, and pass part of his saving on to his customers.

A small farmer with 20 hogs borrowed $50 for feed, paid $1.75 interest and was enabled to sell his hogs for $100 more than he would have got on an earlier market. His net profit was $48.75. That is an authentic case. Here is another:

A hog-raiser on a large scale paid $100 interest on a loan for feed. He writes us that he made a net profit of nearly $2,000.

These are instances of the kind of services bank credit, exchanged for individual credit, performs as an everyday routine, in Canada. Any community can supply scores of similar examples.

What is money?

Coinage, Bank of Canada notes, bank notes, deposits.

Chartered banks now issue their notes up to a legal limit of 85 per cent of their paid-up capital. Yearly this is being reduced and the right of note-issue as steadily vested in the Bank of Canada.

A chartered bank's notes are the first charge on its assets. In case of trouble they must be paid off before a single cent can be paid on deposits or on any other debts owed by the bank. To make doubly sure that notes will be redeemed, each bank pays into a fund held by the Minister of Finance, an amount of cash equal to five per cent. of the average of its bank notes outstanding. This is called the "Bank Circulation Redemption Fund." The total of this fund is available for the purpose of redeeming the outstanding notes of any bank.

Notes of the Bank of Canada are money—legal tender—cash—that Bank's notes and deposits are backed (July 30, 1938) by 56.26 per cent. of gold and silver bullion and foreign exchange.

Notes of the chartered banks, too, are money—their promises to pay; every dollar backed by more than twenty dollars of assets. They are redeemable, on demand, in cash.

Your deposit in a chartered bank also is money—you can buy things with it. It arose from your labour, production and thrift. It is redeemable in cash. It is a measure of your real wealth. You may make payments by cheque upon it. When your cheque goes through the Clearing House system, it must be met by the bank on which it is drawn. Any balances as between banks have to be settled in cash daily.

Your Canadian dollars are useful factors in a system that produces wealth for all of Canada.

THE CHARTERED BANKS OF CANADA

Your local branch bank manager will be glad to talk banking with you. He will be glad to answer your questions, from the standpoint of his own experience. The next article in this series will appear in this newspaper. Watch for it.

Preston E. Dome Mill Contract Let

Initial 300-ton Capacity Allows Room For Expansion

Preston East Dome Mines has let the contract for a construction of a 300-ton mill with an all cyanidation flow sheet. Flexibility is stated to characterize the mill design and with the addition of another Symons cone crusher and ball mill, capacity can be doubled.

As and when the company finds it feasible to treat the ore by the originally planned metallurgical treatment, the mill will be capable of treating upward of 1,000 tons per day with the addition of flotation equipment and some minor additional machinery.

Further development will have to be done before that tonnage can be obtained but it is not anticipated that it will be long before it will be found necessary to add the equipment to step the tonnage up to 500 or 600 tons per day.

The contract for the construction of the mill has been granted the Canadian Comstock Co. Ltd., and building will be commenced forthwith. The mill was designed by the Preston engineers, the details being prepared by J. Mitchell of the company's staff.

Inco Prepares Frood Mine For Open Cut Operations

From Our Own Correspondent

SUDBURY.—While the operation will not be in full swing until October, International Nickel has now under way a mining development that will dwarf any previous operations in Sudbury or in any mining district in Canada—the commencement of open pit mining at the Frood mine.

At present construction of a 6,000-ton crushing plant is in progress, as well as an addition to the Frood ore sorting plant and incidental equipment.

Initial steps of levelling off the ore outcrop have been taken and work has been well advanced along the hanging wall of the ore body. Official estimate is that it will take over 18 months to level off the outcrop to the general surface elevation of the territory, after which mining below the general surface will be commenced.

40,000,000 Tons of Ore

The open pit operations eventually will be carried on over an area about 4,000 feet long by 400 feet wide, and it is estimated that the huge hole will yield about 40,000,000 tons of ore and 18,000,000 tons of waste.

The new plant is located about 400 feet northwest of Frood No. 3 shaft, and its capacity will be 6,000 tons per eight-hour shift. The all-steel jaw crusher, more than 15 feet high, will handle chunks of material up to six feet in diameter. The initial output is expected to be 4,000 tons daily. The open pit operation is situated about 200 feet farther on from the crusher and sorting plant.

The sides of the pit will be maintained at an angle of 45 degrees for safety and to provide roadways for the trucks which will haul the material from the pit to the crusher and sorting plant. The ore from these operations will be transported to the enlarged concentrator at Copper Cliff, the additional equipment in which will be ready shortly to receive the millfeed, totalling at least 4,000 tons daily.

Two 4½-cubic yard electric shovels, each weighing 175 tons, and six 21-cubic yard trucks, each weighing 22 tons, will be used in the open pit. Two caterpillar tractors will be utilized for road-building and maintenance.

35-Ton Trucks

The trucks, two of which were recently delivered, are the largest engaged in this kind of hauling in North America. They are of 35 tons capacity, and they will work in conjunction with the electric shovels which handle 4½ tons every 30 seconds. The laden weight of each truck is 115,000 pounds. Each unit is powered by a Diesel engine developing 150 b.h.p. at 1,800 r.p.m. Complete ability to manoeuvre in every desired manner is assured by a wide range of speeds, two forward and two in reverse.

The bodies of these trucks are of 21-cubic yard capacity, arranged for end dumping, and there is an integral hoist to provide a dumping angle up to 65 degrees. The cab, of all-weather type, is of enclosed steel construction, and shatter-proof glass is employed. There are no running boards or aprons, but rail car type, steps are fitted. The driver's seat is of the hydraulic pedestal type, with sponge rubber cushion. The cab is equipped with a windshield wiper of the double air push type, and also with a heater and defroster.

For blast-hole drilling four churn drills are to be used. Each of the nine-inch bits in these drills weighs 600 pounds. Holes are to be drilled from 18 to 25 feet apart.

To Effect Greater Economies

As intimated when the Frood surface mining project was first announced, the programme does not call for increased production, but has been initiated to effect greater economies in mining costs and to balance ore treatment and output. The combination of open pit mining and mining underground will assure an average grade of ore over the future life of the mine. The open pit ore, of course, will be of considerably lower grade than the average now being treated, but in view of the methods employed and the huge daily tonnage handled it will be low cost material.

While this new Frood mine development is making headway and will be in full swing by early fall, the construction programme at the company's Levack mine is up to schedule. The new shaft has been sunk to a depth of 2,000 feet, and new levels are being developed preparatory to providing additional ore when demand arises. At the same time work is proceeding on the new crushing plant and other surface buildings. The new shaft is of the same dimensions as the No. 5 at the Creighton mine, 30 feet by 18½ feet outside the timbers. It has a hoisting capacity of 4,000 tons per day.

Good Physical Condition

The physical condition of Inco's mines and plants is therefore at a high state of efficiency, and they are being placed in a position to give maximum production when necessity arises. While the first half of the year showed a substantial falling off in sales of metals, President R. C. Stanley recently reported that a slight upward trend had been noticed after business had bottomed in May and June. The management is hopeful that the last half of 1938 will reveal considerable improvement over the first six months.

Yama Gold Mines Drilling Cuts Values in "B" Zone

Three diamond drill holes put through the B ore zone of Yama Gold Mines have indicated a length of 215 ft. averaging $16.51 per ton across a width of 40.6 in. at a depth of 250 ft. The latest hole completed, No. 28, returned a value of $11.55 per ton for 4 ft. of core at a depth of 548 ft. 8 in. in the hole.

Hole No. 28 also cut the D ore zone with preliminary assaying returning values of $5.25 per ton across 4 ft. 11 in. and $3.50 across 18 in. This hole is stated to line up with 14 ft. 9 in. in Hole 16 to the west and 8 ft. 5 in. running $12.16 in hole No. 14 to the east.

Hole No. 29 cut a north ore zone showing a width of 20 ft. averaging $5.26 per ton with lower values adjoining. A rock trench is now being blasted across the full width of this zone.

Fairview Amalgamated May Get 300-ton Mill

From Our Own Correspondent

VANCOUVER.—British financial interests are now negotiating for the acquisition of controlling interest in Fairview Amalgamated Gold Mines in the Similkameen district, and if the deal is concluded a new mill of about 300 tons will probably be built.

Fairview Amalgamated was the subject of considerable turmoil between conflicting interests of shareholders during the past summer, but most of the differences are believed to have been settled.

Recent reports concerning development of the mine are distinctly favorable, and costs of production have been kept down.

The present mill has a capacity of about 140 tons, but it is expected that with new capital arrangements would be made to erect a completely new enlarged plant.

Ram River Oils

Ram River Oils is assembling materials and equipment for drilling its first well following the completion of the road to within 200 yards of its property in the Ram River area of Alberta. The derrick crew and drillers are already on the location.

New Producer Expected Soon For Manitoba

Believe Sunbeam Kirkland Will be Going Before Christmas

From Our Own Correspondent

WINNIPEG. — Hope is held out that Manitoba may have another producing gold mine around the close of this year. The property considered a likelihood is Sunbeam-Kirkland in the West Hawk Lake district and close to the interprovincial boundary of Manitoba and Ontario.

It lies 110 miles east of Winnipeg and is about 30 miles west of Kenora. Less than two miles from the National Highway, the mine is connected with it by a road, widening and grading of which has just been completed so that cars and heavy freight can be delivered right at the shaft.

E. A. Patterson, field manager for the company, and D. S. G. Portigal, resident geologist, are understood now completing final arrangements for mill installation.

Shaft is down 425 feet and at the 400-foot level a crosscut is well on the way to penetrate the chimney-like ore body.

The shaft was commenced in the footwall at the surface, but was progressively a little farther from the ore body as it went downward, the dip of the ore body being slightly flatter than that of the shaft. The crosscut at the 400 level will be about 120 feet. It is planned then to carry a drift right through the ore body of a size which will permit flat drilling on both sides at intervals of five feet to test thoroughly and delimit the structure.

The fault, while pushing the chimney outward, has also pushed it upward, and has apparently brought in a secondary ore body of later origin. It was tested on the third level and was found to give substantial values over good widths. A downward drill hole from the third level from a cross cut carried out into the fault, indicated ore well below the present bottom horizon of 400 feet and this will be further tested as soon as the crosscut and drift is complete.

The mill probably will be not less than 125 tons capacity and may be double. No difficulties in recovery have been experienced in ore sent for testing purposes. Suggested mill plans show provision for a picking belt, selecting ore for a higher recovery.

New Work Starts In Manitoba Field

Canadian Prospecting to Drill on Laura Claims

From Our Own Correspondent

WINNIPEG. — In the Cranberry Portage area, development work was commenced this week on the Laura group of claims, three miles from Cranberry Portage, by Canadian Prospecting Syndicate which has optioned the property.

Preliminary exploration indicated two quartz veins 52 feet apart, traceable for more than 450 feet. Samples returned values as high as $77, while bulk sampling gave returns of $18.90 and $16.80. Company is now negotiating for a drill which it plans to use as soon as surface work is completed.

Drilling has also commenced on the Honeysuckle and D. O. claims at the northeast end of Tartan Lake recently optioned from the North of 54 Syndicate by Bob Brown.

Star Lake Mines is continuing its drilling programme and now has seven or eight fairly shallow holes designed to give some idea of the general structure. Several holes cut well-mineralized veins, the No. 4 hole giving $10 values with free gold showing in other sections. Cores from later holes have not yet been assayed but are reported to look good.

Big Missouri Averages 671 Tons in August

From Our Own Correspondent

VANCOUVER. — Big Missouri's underground mill averaged 671 tons of ore daily in August, and President Gustave H. Rainville expects that this volume will increase in September, with higher profit.

In a special report Mr. Rainville says that the damning and diversion of Divide Lake has been completed and progress is being made with the excavating on the gyratory close-circuiting job. A surface building programme is well under way.

Bullion production in August was 1,955 ounces of gold and 1,476 ounces of silver. The value of the bullion was over $67,000, compared with the July production of $38,000.

News Concentrates

Agawa Gold Mines has encountered the downward extension of its 1st level ore by a crosscut at the 2nd level.

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Amm Gold Mines expects to complete arrangements for financing of mill construction with funds to be repaid from production.

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Augite Porcupine shaft is down 725 ft. with stations cut at 250, 500 and 625 ft. Shaft will be continued to 1,000 ft. with further levels at 875 and 1,000 ft.

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Bayonne Consolidated August production amounted to $30,040 as compared with $34,021 in July.

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B.E.A.R. has received preliminary assay results on diamond drilling on two zones of its Homer group. Drill hole No. 2 returned a calculated value of $21.26 per ton over 25 ft., values being gold 0.074 oz., silver 5.96 oz., lead 6.03%, zinc 10.82% and copper 0.55%. No. 1 hole returned a gross value of $19.21 across 5 ft. of core.

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Cariboo-Hudson has cut its vein by a low-level tunnel. While vein is stated to be too narrow to make ore where cut, presence of fractures or fault lines is considered important.

• • •

Cobalt-Frontenac has called meeting of shareholders for Oct. 5, to approve a plan for distribution of assets. Shareholders' reimbursement certificates, of which $25,625 are issued, are to be discharged under the plan by issue of one Addington share for each $1 certificate. In addition 33,165 preferred shares are to be retired, one Addington share for each preferred. It is planned to turn over remaining assets to a new company in which shares will be distributed.

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Francoeur may add equipment to step up production to 200 tons daily from the present rate of 150 tons daily.

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Golden Trinity is carrying on programme of diamond drilling at property in the Little Long Lac area.

• • •

Hollinger Consolidated is reported to be taking over two groups of claims in the northwestern section of the Opeepeesway area.

Kerr Lake Mines had net profit of $18,690 for the year ended Aug. 31, 1938, as compared with a profit of $32,289 in the previous year.

• • •

Lake Rose produced $33,801 up to end of August from 1,313 tons of ore, an average recovery of $25.82 per ton. Company's 25-ton amalgamation-cyanide mill started in June and production is expected to continue at $20,000 monthly.

• • •

MacLeod-Cockshutt production in August amounted to $110,749 from 15,112 tons of ore treated, an average recovery of $7.33 per ton. In July, output was $124,751 from 14,895 tons, an average of $8.38 per ton. Some lower-grade mill feed was taken from the dump in August. Operating costs were $3.95 in August.

• • •

New Golden Rose produced $46,432 in August from 3,085 tons of ore, an average recovery of $15.05 per ton. August was a new high and compared with July output of $29,883 from 3,218 tons, an average of $9.29 per ton.

• • •

Paymaster Consolidated has cut its new ore, indicated in drilling, by a crosscut at the 2,075-ft. level. One side of the crosscut returned a value of 0.43 oz. gold per ton across 54 inches with the other wall running 0.21 oz. gold across 58 inches.

• • •

Pickle Crow is stated to have opened up length of 145 ft. of ore at its new 1,500-ft. level averaging $38.50 per ton across 20 inches. On the 1,350-ft. level, 269 ft. have been opened up averaging $28 per ton across 35 inches.

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Planet Gold Mines has shipped a sample of 2½ tons of representative material from its Boston Creek property for testing at University of Toronto. Negotiations are being undertaken with American interests to provide funds for further development.

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Premier Gold has dropped option on property of Allco Silver Mines. Officials of Allco are considering plans for raising further funds to proceed with development.

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Que On Mines filed a prospectus with the S.E.C., at Washington, on Sept, 19, 1938.

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San Antonio has declared a dividend of 7 cents payable Nov. 5 to shareholders of record Oct. 20. A similar payment made on April 20 last.

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Shawkey will shortly forward a report to shareholders. Milling operations have been suspended and advisability of further development is being considered.

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Sigma Mines (Quebec) profit for August is reported at $46,169 after taxes, depreciation and deferred development.

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Silbak Premier has declared a dividend of 4 cents per share payable Oct. 25 to shareholders of record Oct. 5. An initial dividend of the same amount was previously paid on July 25, 1938.

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Toburn Gold Mines has completed a deal with Minesta Mines whereby latter's property in Godfrey twp., Porcupine area, will be developed.

Woco is continuing drilling at its properties, and at those of its subsidiaries, Conwo and Kenelda, located in Uchi Lake area. Work has not continued far enough to correlate showings into what can be termed an ore body. Cash position is about $60,000.

Lost Hope Lake Scene of Strike

Sherritt Gordon Original Makes Find in Cold Lake District

From Our Own Correspondent

WINNIPEG—Dick Madole, northern trapper and prospector, and partner of the late Carl Sherritt in the sale of what is now the Sherritt Gordon Mine, has a new discovery. The new find made by Madole and his partner, Al, Anderson, is at Lost Hope Lake in the Granville Lake mining area, north of Cold Lake. Together with J. P. Gordon, Toronto, who was instrumental in the formation of the Sherritt Gordon company, they flew from Sherridon last week to look the property over. This followed sending of samples to Toronto and while values have not been given out they were sufficiently interesting to send Mr. Gordon north by train and plane to look the new find over.

While the area has not been generally prospected to any great extent, it has long been known as holding out favorable possibilities. At Granville Lake, Durie and Akers, old-timers of the Cold Lake district, have a large deposit on which considerable work has been done. This same Durie and Akers were interested in the God's Lake area and were well rewarded financially by the formation of the God's Lake Gold Mines Limited.

At the Tartan Lake property recently optioned by Robert Brown, well-known northern prospector, drilling has already commenced. Mr. Brown claims assays of mill run proportions run from $2.80 to $18 per ton gold across a five-foot vein which has been stripped for more than 540 feet.

Tiblemont Consolidated Reports Drill Results

A first diamond drill hole on the property of Tiblemont Consolidated Mines has reached a depth of 120 ft., cutting a number of sections returning gold values. The best values were $21.84 for two feet of core at a depth of 35 ft., $9.38 per ton for 2.5 ft. of core at 92½ ft., and $14.14 from 108 to 110.5 ft. depth.

An active surface exploration programme is being undertaken and has resulted in the discovery of a new gold-bearing formation near the shore line with gold in the native state.

Diamond drilling has been augmented by a second drill brought in recently. Trenching will be continued to the end of September.

A firm commitment of $50,000 is reported to have been paid into the company's treasury by Corporation Management Ltd.

National Petroleum Corp. Borrows For Third Well

National Petroleum Corporation plans to borrow $100,000 for the drilling of its No. 3 well to be repayable from 50% of net production obtained from wells Nos. 1, 2 and 3. The No. 3 well is situated on L. S. D. 15, sec. 32-18-2-w5.

Payments in connection with the liquidation of the loan will commence upon completion of the No. 3 well or at any time prior to that date at the option of the company. A bonus of 1% gross royalty will be issued for each $10,000 advanced, or a proportionate royalty on lesser amounts.

In the event the full amount of the loan is not subscribed, or if the development of the well should be delayed or abandoned, the company reserves the right to return subscriptions.

FLAVRIAN COMPLETES HOLE

Flavrian Gold Mines has completed No. 3 diamond drill hole with heavy mineralization cut in the hole for a core length of 11 ft. between 53 and 64 ft. The core for this section has been shipped for assay. No 4 drill hole is being started to check a seven-foot chalcopyrite intersection in the vicinity of the shaft, previously sunk to 330 ft.

CHARTERED ACCOUNTANTS

CAN YOU ANALYZE YOUR BUSINESS OPERATIONS?

How much should be the net profit of a given business? This question is all too often ignored by the owner of a business to the detriment of his income from it. An accounting system, inadequate to the needs of a business, fails to record and analyze the results of its operations. Consequently weaknesses and inefficiencies pass undetected. Usually the installation of a system properly designed to suit the requirements of a particular business will prove to be of considerable financial benefit.

Here is an interesting illustration. A Pacific Coast tug-boat operator, owning a fleet of six boats, had been receiving an average net return from operations during recent years of an amount represented here as 10x. During the whole time he had been carrying on the business his accounts had never been audited, but circumstances arose which made it necessary for him to have them examined by an expert accountant.

During such examination the accountant observed that the accounting system was inadequate, in that it did not show the operating results for each tug. He recommended the use of a new system designed to give the business owner a clearer picture of his year's operations.

The system was installed and at the close of the following year the accounts showed that although the net profits were still 10x, four boats had earned an aggregate net profit of 12x while the other two had each suffered a loss of 1x.

The tug-boat operator, grasping the significance of this revelation replaced his two old boats with two new ones. The succeeding year's operations yielded a net profit of 19x in comparison with the 10x earnings of previous years.

This simple case illustrates effectively the service that can be and is being rendered to the business community by the Chartered Accountant. His training and specialized knowledge well qualify him to design an accounting system from which the individual business owner can draw conclusions and opinions which will enable him materially to increase the operating efficiency of his business.

One of a series of brief discussions of the work of the chartered accountant.

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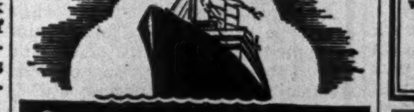

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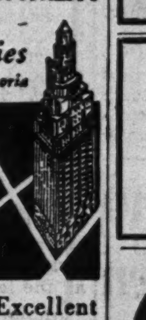

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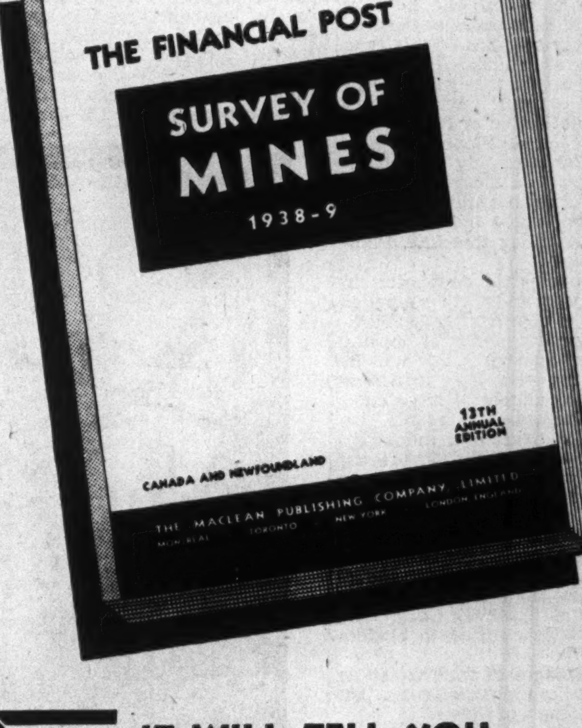

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Construction

Bigger and Fancier

Guardian Trust Enlarging Building Plans New Façade in Modern Style

A distinctive modern addition to the somewhat classical façades of the financial and office buildings along St. James St., Montreal, is in process of construction in the rejuvenation and enlargement of the Guardian Trust Co. building.

The old building, facing Victoria Square, was of traditional design and layout, with a rather ornate classical front. The new building as it will appear will be of definitely modern design incorporating several unusual features in its architecture and use of materials.

The completed structure will strike a new note among buildings of its type, certainly in Montreal if not elsewhere. But in abandoning the fetish that financial buildings should retain features of design 2,000 years old, the design has been made as simple as possible so that it will serve its purpose as well in 1948 as it does now.

Finished in January

Cost of the project, scheduled for completion early in January, will be approximately $100,000. In addition to completely transforming the external appearance and interior fittings of the former structure, three stories and a penthouse will be added to the existing two stories. When the original building was built, foundations were made strong enough to support a 10-story building, but the site is not deemed large enough to make such a high structure profitable under present conditions.

In conformity with the practice frequently adopted in recent years by financial institutions, only part of the space in the new building will be occupied by the company itself. The remainder of the building will serve a double function. It will be available for rental to outside financial, professional and commercial firms, and will also constitute a reserve of space for any expansion required in the future for the company's own offices. This obviates necessity of any new construction for some years to come.

Features of Building

Among notable features of the new structure, most striking undoubtedly will be its decisively modern architecture. The product of Lawson & Little, Montreal architects and engineers, the design gives the building an individuality of external appearance without resort to the more extreme characteristics of the so-called "modernistic" or "international" style. What will probably become an identifying feature of the main façade is the projecting, overhanging bay formed by the central portion of the four upper stories.

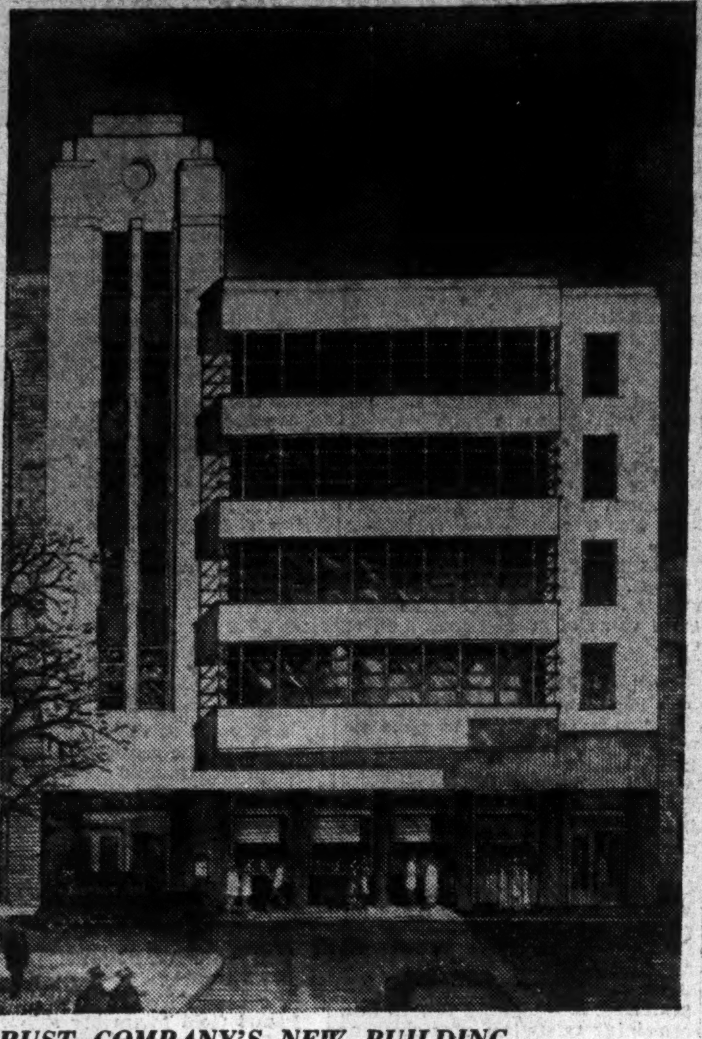
Unbroken spreads of glass windows stretch across this bay on all floors, and are carried around the corners on both sides. Thus the offices will not only be exceptionally light but will be afforded a view up and down St. James Street as well as across into Victoria Square. The exceptional natural lighting of the interior will be enhanced by ceiling heights considerably greater than those usually found in modern office buildings.

Special provision has also been made to ensure interior comfort as well as good lighting. Noise control will be effected through use of porous acoustic plaster for wall and ceiling finish throughout the building. To guard against extremes of temperature penetrating the windows, specifications call for double-glazing on all floors, front and back. Two sheets of plate glass with vacuum between will be fitted in each window, assuring insulation value equivalent to a 12-inch brick wall, it is estimated.

Special Wiring

As for mechanical equipment, a new type of signal-control elevator equipment is being installed, and special floor ducts for telephone and electric wiring will permit outlets at almost any point desired in office layout. The entrance lobby will be finished in travertine and other marble, while modern types of ultility floor finishes will be used in other sections of the building.

Exterior finish of the building, which is being erected by Foundation Co. Quebec Ltd., is of Indiana limestone with granite base. Reflecting the restraint in application of modern design to the project, glass block is not being used in exterior walls. It is being employed to a limited extent to pass light to inside offices on two floors.



TRUST COMPANY'S NEW BUILDING

Slated for completion in January is the enlarged, altered and refaced building of Guardian Trust Co., on St. James Street, Montreal. Above is sketch by Lawson & Little, architects, of the building as it will appear on completion.

Building Trend Shows Upturn

Three Separate Barometers Indicate Increased Construction Work

Trends indicative of a pickup in building activity in Canada are embodied in three different sets of building statistics issued at Ottawa. Monthly reports for August on building permits issued in 58 cities showed a volume of urban construction of $5.8 millions, an increase of 13% in comparison with the total of $4.2 millions in the same month last year. While the August, 1938, total was slightly under that for the preceding month, it lifted the cumulative total for the first eight months of this year to $37,825,791, only $23,000 below the level for the same period in 1937.

This would appear to offset the declining trend of the earlier part of the year, and leaves the cumulative total higher than in any equivalent period since 1931. Another encouraging aspect is that the index of building materials prices continues at a level below that of 1937.

Housing Loans Up

Figures giving results of the first full month of operations since the Dominion Housing Act was replaced by the revised and extended National Housing Act(Part I) show an increase of 34% in the total of home building loans in August, in comparison with that month last year. There was an increase of 37% in the number of housing units provided. This brings to $22.1 millions the total of loans since inception of the Dominion Housing Act three years ago, slightly over half this having been registered in the year ended Aug. 31 last.

Aggregate of loans under the Home Improvement Plan at the end of August aggregated $19,477,000, according to announcement of the Department of Finance. The bulletin estimated that of this total, $9.4 millions went for materials used by the principal trades and $8.5 millions for direct labor on improvements, giving a total or nearly 13 million hours of direct labor. Division of expenditures between the principal trades is estimated as follows:

H. I. P. Expenditures
(In 000's of $)

	Materials	Dir. Labor
Masonry, carpentry & plastering	3,807	4,649
Plumbing, heating	2,663	1,140
Painting	1,192	2,030
Roofing	1,191	587
Electric wiring	252	84
Mechanical equipment	162	37
Insulation	179	44

Construction World

Housing Industry

It is conjectural whether there is in Canada any need or demand for development of planned colonies of factories on preselected joint sites, with necessary services and other facilities provided by the promotion-management concern renting the factories. Industry still has considerable latitude in choice of suitable sites, with due regard to market proximity, transport connections, availability of utilities, labor supply, housing facilities, etc.

In many cases, however, the choice of site, cost of purchase, and financing of a desirable building, constitute a problem of no small magnitude. It may be that in such cases a housing scheme for industry itself would be as welcome as a low cost housing project would be to small wage earners. Certainly schemes of this type so far have proved unusually successful in England, where they are known as "trading estates." According to Planning, publication of P.E.P. (Political and Economic Planning), their popularity in attracting industrialists has "surprised those who clung to the myth of rugged individualism."

Analyzing the pros and cons of the developments along this line, Planning comments:

"Only the chronic depression in parts of the west and north compelled Parliament to approve the establishment with public money of housing schemes for industry . . . It will be impossible for very long to defend the making available of large sums from the Exchequer to enable certain areas to attract new industries, while other areas, perhaps worse off and better suited for the purpose, are excluded or assisted on less favorable terms . . . Common sense will dictate that the community which now provides housing for workers in some places and housing for industry in others, shall provide the two together; and in effect design and build new towns suited to modern civilization."

The advantages of trading estates that attract the industrialist are listed by Planning as follows:

(a) He can obtain a factory on a rental basis without capital outlay.

(b) He can generally obtain a suitable building much more quickly than he could by independent action.

(c) He knows that the factory will have services of water, gas, electricity, and sometimes process steam at suitable charges.

(d) His requirements in the way of special features of internal construction in the factory can usually be met by a proportionate increase of rental.

(e) He knows that the factory will be well situated for transport, and that adequate labor will probably be available.

Hiram Walker-G. & W. Opens New Scottish Plant

The new $7.5 million distillery opened this week by Hiram Walker-Gooderham and Worts Ltd. at Dumbarton, Scotland, implements a new policy adopted by the company to meet the growing demand for its Scotch whiskies in the United States.

The plant, largest of its kind in the British Isles and one of the largest in the world, will be used for the production of grain alcohol which constitutes 65% of Scotch whiskies, the balance being blended malt whiskies. It has a capacity of 10,000 gallons per mashing calling for 2,500 bushels of barley and maize. It is patterned after the Hiram Walker plant at Peoria, Ill.

Another factor, significant at the present time, is the possibility of quick conversion of the plant to war purposes. During the Great War the company's present Toronto distillery, then operated by Gooderham and Worts Ltd., was lent, free of cost, to the Government for the manufacture of acetone and methyl ethyl ketone, components of cordite. The Scottish plant could be used in a similar manner.

Manufacture of grain alcohol in Scotland up to the present has been virtually controlled by one company, Distillers Co. Ltd. Since repeal of the Volstead Act in the United States, however, an unforeseen demand from that market has brought into question the healthiness from the standpoint of the Scottish blenders of being left dependent on this one source of supply for so basic a material. The Walker-Gooderham and Worts interests were particularly involved due to the success in the American market of the whisky sold from the distillery of George Ballantine and Son at Glasgow. This distillery is the latest acquisition of the Walker-Gooderham and Worts Company in its succession of Scottish purchases.

This situation resulted in the decision by Hiram Walker-Gooderham and Worts to build a plant for grain alcohol which would meet their own requirements and at the same time help to supply the demand from other independent blenders.

From the investors' standpoint the move has undoubted significance. For one thing, it represents a substantial expansion in the Hiram Walker-Gooderham and Worts operations. Presumably, too, manufacture at Dumbarton will reduce the cost of grain alcohol to the organization's blending distilleries. Finally there is the definite prospect that the Dumbarton distiller will receive considerable business from the independent Scottish blenders.

Financing of the new plant was carried out on the London market by the sale of two bond issues, one for $5 millions and another for $2.5 millions. It was one of the largest pieces of financing by an overseas company which the British market had seen since the war.

In establishing the new plant the company believes that it is not only expanding its own activities but is bringing a healthier condition to the Scottish industry. Monopolistic dangers in the existing field were stressed by H. C. Hatch, president and chairman of the board of Hiram Walker-Gooderham and Worts in his speech at the opening ceremonies.

Mr. Hatch also pointed out the significance of the new step in the field of Empire development, contending that a two-way flow of capital between the dominions and the Motherland would prove an important factor in welding the Empire chain.

Claude Neon Works on Plan

Seek Settlement of Interest Arrears — Better Returns This Year

From Our Own Correspondent

MONTREAL. — Directors of Claude Neon General Advertising have formed a committee to discuss with the holders of the 6½% 20-year convertible collateral trust bonds a form of settlement of interest, which has been in arrears since February 1, 1936.

For some time past the company has been buying bonds in the open market and turning them over to the trustee in compliance with the terms of the sinking fund. Sufficient bonds have been purchased to satisfy sinking fund requirements for a few years in advance. As a result of these purchases the outstanding bonds stood at $738,000 at the end of 1937, being further reduced to $480,000 as at the end of August, 1938.

Better This Year

During the first half of the current year the trend of business showed a slight improvement over the corresponding period of a year ago. With the continuation of this trend, together with savings and interest charges resulting from the reduction in the outstanding funded debt, it is possible that the company will break even on the year's operations. Last year Claude Neon showed net earnings of $57,810. This was the best showing made by the company since 1934. However, after writing off $45,877 for depreciation, the balance of $11,933 was $36,037 short of meeting full bond interest requirements.

All interest payments on the company's bonds from February 1, 1936, were deferred until August 1, 1938, when the matter was to be considered by the directors. The company has 60 days' grace after August 1 in order to make a decision as to payment of interest or to arrange a settlement with the bondholders.

New Building

Canada Cycle & Motor Co. plant at Weston, near Toronto, is to be extended.

Dept. of Trade and Commerce has called for tenders for erection of the Canadian Pavilion at the New York World's Fair opening next year. Design of the pavilion was selected in a competition some months ago won by W. F. Williams of Nelson, B.C.

National Harbors Board has awarded contract at $237,241 to E. G. M. Cape & Co. for enlargement of wharf sections in Montreal harbor.

Dominion Dept. of Public Works has ordered plans prepared for addition to the main postal terminal at Toronto, cost of which is estimated at between $1 million and $1.5 million.

The T. Eaton Co. Western Ltd. is checking tenders preparatory to awarding contract for construction of $800,000 department store in Edmonton, excavation contract for which has already been awarded.

Reported by Engineering and Contract Record:

City of St. Johns (Que.) is having plans prepared for a public market, municipal hall and fire station, entailing expenditure of $125,000 which the city hopes to borrow under the Municipal Improvements Assistance Act.

Roman Catholic Diocese of Moncton, N.B., has had plans drawn and awarded stone contract for construction of $250,000 cathedral.

Plans for two new theatres in Sudbury, each to cost about $100,000, are being drafted by Toronto architects.

Verdun (Que.) Protestant Hospital has awarded contract for erection of $750,000 addition to the building.

Ottawa Electric Defers Dividend

From Our Own Correspondent

MONTREAL.—In order to preserve a sound financial position Ottawa Electric Railway Co. has decided to defer common dividends. In announcing the quarterly dividend due October 1 would not be paid, T. F. Ahearn, president, states careful consideration has been given to cash requirements of the company for repayment of bond principal and necessary replacement of fixed equipment. Decision to defer common dividends came as a surprise although the quarterly dividend was reduced from 80 cents to 40 cents a share with the July 2 payment.

Actually earnings have been sufficient to meet dividend requirements, amounting to $3.78 a share in 1937 as compared with dividends of $3.20 a share. One reason for omitting dividends is the serial bond maturities of $140,000 annually for the next 10 years. This is a larger provision than was made under the sinking fund of the old bond issue.

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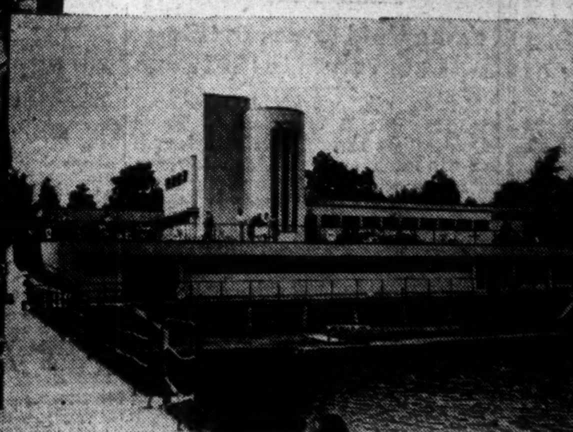
Hotel de la Pointe Bleue—The Main Guest House.

An end view of the Hotel showing its modernistic lines.



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